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PETROBRAS NEGOTIATES EXCHANGE OF GOODS, SERVICES FOR OIL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Mar 83 p 29

[Excerpt] Petrobras is negotiating with foreign crude oil suppliers extension of payment terms to 3 or 4 months and exchange, whenever possible, of petroleum for Brazilian goods and services, Mines and Energy Minister Cesar Cals revealed in Sao Paulo yesterday. According to the minister, such a policy will permit replacement of strategic stocks, easier disbursements by the state petroleum company and a foreign-exchange savings in cases where exchange of oil for Brazilian goods (the barter system) is arranged.

Cals also made a theoretical estimate--as oil prices vary according to their type and source--that each \$1 [per barrel] reduction in its price represents a foreign-exchange savings of \$250 million during 1 year. If the reference price falls from the current \$34 a barrel to \$30, "we would have a foreign-exchange savings of \$1 billion." Should it drop to \$28, the nation would save \$1.5 billion.

Based upon these estimates, the mines and energy minister again declared that his ministry will be able to generate half the surplus planned for the trade balance this year, or \$3 billion. According to Cals, this can be obtained by more intensive use of domestic fuels (oil and alcohol), substitution of imported equipment and exports of iron ore and tin.

In the afternoon the minister was at the Sao Paulo State Federation of Rural Electrification Cooperatives (FECORESP), where he received from its president, Jose Bonel Guerreiro, a formal petition with two requests: rate parity with private electric-power companies, extending to cooperatives the discounts embodied in furnishing uninterrupted power: nonguaranteed seasonal and guaranteed for fixed-period, off-hours and irrigation; and prohibition of privately-owned utilities from installing distribution systems duplicating those already existing and operated by cooperatives.

In answer to complaints of equipment manufacturers for nuclear power plants, whose orders were rescheduled, Cals reported that this was due to slowing down the nuclear program. In regard to the Angra I plant, he estimated that it will not be operating with a full charge until the end of 1984.

CALS SEEKS ADDITIONAL FUNDS TO MEET OIL PRODUCTION GOAL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Mar 83 p 24

[Text] Brasilia--In announcing yesterday studies of measures for increasing domestic petroleum production and reaching the goal of 400,000 barrels a day, Mines and Energy Minister Cesar Cals urged adoption of an increase in the "petroleum-dollar" and comparability between the price of domestic and imported petroleum. He also announced that Brazil will save about \$500 million in petroleum imports this year, due to the decline of world market prices.

After a meeting with Petrobras President Shigeaki Ueki and National Petroleum Council [CNP] Chairman Gen Oziel Almeida Costa, Minister Cesar Cals said he had ordered studies--which will be sent to President Joao Figueiredo and Planning Minister Delfim Netto--suggesting measures to enable Petrobras to have more revenue so it can maintain the level of investment needed to reach the goal of 400,000 barrels daily of domestic output by the end of this year.

He announced that the studies suggest adoption of two measures: an increase in the value of the petroleum-dollar, fixed at 189 cruzeiros since last year, with more frequent adjustments of this figure, and comparability of the cost of domestic petroleum in the price structure of petroleum derivatives (\$25 a barrel) with that of imported petroleum, which varies between \$30 and \$31 a barrel. Cals suggested that either measure would make the other one unnecessary, as an increase in the value of the domestic petroleum-dollar would force an increase in consumer prices for petroleum derivatives.

Comparability between prices for domestic and imported petroleum, according to Minister Cals, does not represent a burden for the consumer, but increases the petroleum-account deficit, which is already over \$200 billion [as published], because the funds generated by the difference in the costs of domestic and imported petroleum, which are carried to the petroleum account, are recycled by the CNP to Petrobras.

The minister, however, was not able to say how much money Petrobras needs for investment to meet the goal of 400,000 barrels of domestic petroleum daily by the end of this year. He admitted, moreover, that parity between the costs of domestic and imported petroleum may even cause losses for Petrobras, inasmuch as oil prices are falling on the international market. In that case, should SEPLAN [Planning Secretariat] decide to adopt this measure, the federal government will have to provide more funds for Petrobras.

Cals made a point of stressing that it is SEPLAN and not the Mines and Energy Ministry that will decide which of the measures to approve. And that Minister Delfim Netto will have to study the inflationary effects of any increase in the value of the petroleum-dollar as well as the consequences of an increase in the value of domestic petroleum.

Economy

Predicting a savings of \$500 million in petroleum imports this year due to lower international prices, Minister Cesar Cals recalled that the initial forecast was for an import bill of \$7 billion. He predicted that this amount could fall to \$6.5 billion--which represents a reduction of \$2.1 billion from the value of imports last year.

"I believe that during the next 2 years international petroleum prices will continue falling because of the world recession, which is causing a decline in oil consumption. And the impact of the U.S. economy's recovery this year will not be felt in the intermediate term," the minister added.

The minister said he believes that sometime this year the average price of a barrel of oil imported by Brazil will fall from the current \$32.03 to \$30.00. Cals reaffirmed his goal of reducing the daily volume of imported oil for domestic consumption to 550,000 barrels by the end of this year. In January the daily average of petroleum imported for domestic consumption was 596,000 barrels, representing a reduction of 23.48 percent from last year's average.

Chiyeaki Ueki, Petrobras president, also predicted that if petroleum prices fell by \$4 to \$5 a barrel on the world market Brazil would have an annual savings of about \$1 billion in oil imports.

Ueki met yesterday afternoon with Planning Minister Delfim Netto, accompanied by Petrobras manager Paulo Belotti, to report on the impact of price reductions made by some of Brazil's petroleum suppliers--even though OPEC has not made an official decision on the matter.

The Petrobras president did not want to make any prediction about the effect the 30 percent maxidevaluation of the cruzeiro against the dollar will have on prices of petroleum derivatives in the domestic market, limiting himself to saying that "it is hard to predict the domestic impact of the maxidevaluation on derivatives, as one must take into consideration more than just the technical economic aspects of the problem."

Ueki explained, furthermore, that setting prices for derivatives in the domestic market is not a responsibility of Petrobras, whose purpose is to buy petroleum at the lowest prices in the market, work efficiently domestically in refining and distributing the product and obtain the highest possible domestic production, which is likely to be 320,000 barrels daily this year.

FEBRUARY OIL OUTPUT 24 PERCENT ABOVE FEBRUARY 1982

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Mar 83 p 24

[Text] Rio de Janeiro--Domestic oil production in February was 8,803,839 barrels, an increase of 24 percent over the 7,097,014 barrels lifted in February 1982. In the first 2 months of this year production rose 27 percent, with an output of 18,821,000 barrels, compared with 14,763,000 in the first 2 months of last year.

According to Petrobras reports, the steady increase of production from offshore fields became the basic factor to assure the advance of domestic petroleum production. So much so that offshore wells contributed 4,928,000 barrels in February, an increase of 33.6 percent over February 1982, when deposits on the continental shelf produced 3,687,000 barrels. There was also a production expansion from onshore basins, with a total of 3,875,000 barrels, an increase of 13.7 percent over the output of 3,409,000 barrels in February 1982.

Among offshore producing areas, the Campos Basin, off the Rio de Janeiro coast, remained in first place. There were 3,500,000 barrels pumped from it in February, of the total offshore output of 4,928,000 barrels. Among onshore basins, the Bahia Reconcavo--the nation's oldest producing area--stayed in the lead, with a total of 2,059,000 barrels, compared with 1,934,000 barrels in February 1982, thus reversing the declining trend that had been in progress.

Domestic Production of Petroleum and LNG [Liquified Natural Gas] (in Barrels)

Key:

1. February 1982
2. February 1983
3. January-February 1982
4. January-February 1983
5. Onshore
6. Bahia
7. Sergipe
8. Alagoas
9. Espirito Santo
10. Rio Grande do Norte
11. Ceara
12. Offshore
13. Rio de Janeiro
14. Source: Petrobras

PRODUÇÃO NACIONAL DE PETRÓLEO E LGN				
	(1)	(2)	(3)	(4)
	Feb-82	Feb-83	Jan-Feb-82	Jan-Feb-83
Terra (5)	3,409,115	3,875,183	7,217,866	8,103,603
BA (6)	1,934,146	2,059,350	4,114,756	4,327,238
SE (7)	971,830	1,046,497	2,050,191	2,192,700
AL (8)	101,190	145,080	211,960	287,677
ES (9)	379,155	479,794	791,118	1,024,816
RN (10)	10,026	117,475	19,574	217,268
CE (11)	12,768	26,983	30,267	53,904
Mar (12) (11)	3,687,899	4,928,656	7,545,697	10,718,101
BA	247,315	226,464	523,500	493,403
SE	364,966	340,592	766,884	719,710
RJ (13)	2,308,262	3,500,903	4,647,610	7,672,707
ES	81,013	50,696	160,579	109,191
RN	492,051	492,733	1,038,006	1,044,044
CE	194,292	317,258	409,088	679,046
TOTAL	7,097,014	8,803,839	14,763,563	18,821,704
Fonte: Petrobras				

WORLD BANK LOAN TO ASSIST JPS DEVELOPMENT PROGRAMS

Kingston THE DAILY GLEANER in English 10 Mar 83 p 2

[Text]

The International Bank for Reconstruction and Development, (World Bank), has agreed to provide loan-financing totalling \$30.5 million, in various currencies, to the Jamaica Public Service Company, Limited, through a recently-concluded agreement.

Ministry Paper No 8 tabled in the House of Representatives Tuesday by the Minister of Labour and the Public Service, the Hon J.A.G. Smith, on behalf of the Prime Minister and Minister of Finance, the Rt. Hon Edward Seaga, spells out the purpose of the loan while bringing it to the attention of the House.

The purpose of the loan it said, is to provide funds for the company's on-going

investment programme which are in four categories: a) electricity generation, b) electricity transmission and substation, c) electricity distribution and d) general property.

Under generation; i) rehabilitation of boilers and turbine generators of three thermal units at Old Harbour and Hunt's Bay and ii) improvements to the boiler-feed water treatment system at Old Harbour and Hunt's Bay.

For transmission and substation, the loan is to help in i) installation of about 25 miles of 69 kilowatt transmission lines from Annotto Bay to Port Antonio, ii) installation of a transformer at Port Antonio and expansion of the Annotto Bay substation, and iii) replacement, upgrading and re-conductor-

ing of about 53 miles of KV pole lines.

Under distribution it refers to upgrading and extension of about 272 circuit miles of 24 KV primary lines and related expansion of associated sub-station; addition of: a) 15 MVAR capacitors, b) 39,000 KWH metres, (c) 36,000 secondary distribution extension services, d) 47 MVA distribution transformers and, e) 1,300 street lights.

The general property section refers to deals with the acquisition and utilization of about 50 operation and maintenance vehicles and equipment for the company's supervisory control and a data-control system.

The loan also refers to technical assistance and training and in this area it

covers the use of consultants in most areas of the company's operations and the training of the company's personnel.

Interest on the loan is at a rate of 11 3/5 per cent per annum which is payable semi-annually on January 15 and July 15 each year; principal repayment is payable semi-annually on January 15 and July 15 each year between 1987-1999 at \$1,175,000 per installments with a final installment of \$1,125,000 payable on July 15, 1999.

The company is to pay a commitment charge of 3/4 of 1 per cent per annum on the principal amount of the loan not withdrawn for time to time, and security is a formal guarantee from the Government of Jamaica.

The House is being asked to approve the guarantee of the payment of interest and the repayment of the loan under the Approved Organizations and Authorities Loan Act.

BRIEFS

LIQUID GAS SHIPMENT--A shipment of liquid petroleum gas arrived in Jamaica yesterday to alleviate the shortage of cooking gas now being experienced because of the closure of the Petrojam Refinery for routine maintenance of its plant. The Minister of Industry and Commerce, the Hon. Douglas Vaz, told the GLEANER yesterday that the shipment would be unloaded immediately, and that hospitals, infirmaries, restaurants, hotels and guesthouses would be the first to receive supplies. A news release by the president of the Jamaica Liquid Petroleum Gas Distributors' Association, Mr Pat Lawrence, on Monday said cooking gas distributors had have been unable to supply their customers which included hospitals, infirmaries, restaurants and guesthouses. Mr Lawrence said the marketing companies which supply the distributors had stated that they had been getting inadequate supplies from the refinery, and as a result the distributors trucks were being sent back from the filling plants without gas. Mr Vaz said the short-fall in the supply of liquid petroleum gas was a short-term problem as the Petrojam plant would resume operations on Monday. [Text] [Kingston THE DAILY GLEANER in English 25 Feb 83 p 1]

CSO: 3298/416

HERRERA CAMPINS SPEECH AT AMUAY REFINERY

Caracas EL UNIVERSAL in Spanish 11 Feb 83 p 2-1

[Text] Amuay, Falcon state, 10 Feb-- President Luis Herrera Campins described the modification of Amuay's refining process as a "new link in the extension of our petroleum nationalization" and as "a vibrant peal of optimism."

Venezuela's chief executive gave the speech marking the change in refining process used at this refinery. In his speech he expressed the intention of the executive branch to "strengthen the unity and solidarity of OPEC."

For Venezuela, the nationalized petroleum industry, and its staff, the start of the new refining process at Amuay is a cause for celebration. This changeover was made with a total investment of 5.4 billion bolivars. This figure includes capital and costs, infrastructure, and personnel training.

This is clearly a sign of confidence in the nation and in its potential, in petroleum and in its future, and now, at the start of this year, the bicentennial of the birth of our liberator, Simon Bolivar, it appears to us as a vibrant peal of optimism, resounding in the midst of the gloomy predictions of those who seem to be expecting the collapse of oil, and who are trying to spread a campaign of rumors and misinformation, using the well known international channels for this purpose.

This may be a good opportunity to restate, both to our fellow citizens and to our guests from other nations, our intention to strengthen the unity and solidarity of OPEC, at whose conception and birth Venezuela was present, and for whose harmonious development we will continue to work, because of its leading role in the world of economics and of non-renewable natural energy resources.

We know that the world petroleum market has deteriorated in recent months and that all the producing and exporting countries will have to work to prevent having the price of so essential a product lowered by the machinations of people who want to manipulate the world economy to suit their whims and convenience, in this struggle of opposing interests which, escalating from being simply dangerous, could become catastrophic at any time.

The MPRA [Change in the Amuay Refining Process] follows the guidelines of the policies of administrative and petroleum continuity which I pledged in my government program, as follows:

- a. A refining policy designed to process less light and medium crude and intensify the upgrading of heavy crudes will be instituted.
- b. The change in the refining process will be considered a mid-term step, part of an overall strategy covering a longer period of time, which includes other components such as the national energy policy and automotive and transportation policies.
- c. Investments in refining will be dependent upon long-term production estimates, as they will determine the resources that will be available to supply the refineries.

The objectives of the MPRA were based upon Venezuela's national interest, which is to produce heavy and extraheavy crudes. These crudes have special characteristics which make it hard to process them; this means that it is more difficult to obtain a healthy balance between production and reserve figures. The characteristic of high viscosity of these heavy crudes means that the recovery factor from the oilfields is very low, and the cost of production is very high, much more so than normal production costs for light and medium grades of petroleum.

There was a technical problem with an undeniable economic impact, but even beyond these circumstances, there was the fact that the composition of our reserves required that we produce and process heavy crudes. This led us to develop infrastructures and processes designed specifically to upgrade those crudes and make them more manageable in terms of production and refining, so that we could obtain from them products that would sell more readily on the world market, for a higher price, and which could therefore bring in added revenue for Venezuela.

We realized that it was constantly becoming more and more difficult to sell heavy fuels on the international market, and we knew that if we wanted to persuade and interest other people, we had to start by believing that we could refine these fuels here. Our automobile stock had grown excessively, and the annual rate of growth of gasoline consumption was hovering at about 10 percent.

There were three alternatives facing the petroleum industry:

1. To increase the volume processed, adding more crude to the present supplies processed, and making use of the idle refining capacity;
2. To increase the proportion of light and medium crudes processed in the refinery. This would worsen the decline of our reserves of that type of petroleum; and
3. To change the refining processes by adding new facilities and systems that would enable the petroleum refined to be changed, and would help to adapt production to meet market demand.

The third option was the one selected (the option of importing gasoline was rejected; this would have created a dependence on foreign suppliers at a high cost), as it met these basic conditions:

- a. The use of a higher proportion of heavy crudes, favoring the subsequent conservation of light and medium crudes;
- b. The reduction of the volume of the residual fuels we sell on the international market; and
- c. A considerable increase in the production of gasoline for domestic consumption.

According to the technical reports, the Amuay refinery began operations in 1930; it was designed to process medium and light crudes and it lacked the conversion processes needed to obtain gasoline and light distillates from the heaviest fraction obtained from the initial crude distillation. The type of products obtained depended exclusively on the characteristics of the crude that was being processed. In short, its refining system was highly inflexible.

Amuay, like all the refineries built by the multinationals at the time of the concessions, was designed and built to fulfill a specific function in an integrated refining system operated on a worldwide scale. While the United States had a process oriented toward the production of naphtha and others concentrated on light aggregates, Amuay produced primarily fuels for national consumption.

Amuay is a new link in the extension of our petroleum nationalization. It was done despite the criticisms and warnings of those who opposed this change in the refining process. But today we have been prove right.

We don't deny the difficulties existing in the world petroleum market. Demand has declined because of conservation and the use of substitutes, and because of the economic crisis which is hurting the world economy and which has damaged the world of petroleum.

We must recognize the efforts made by OPEC to sustain the market structure. We, the members of this organization, must always remember the difficult course of its 23 years of existence. Its record is all the more meritorious as the situation of each member was diverse, and as OPEC had to struggle against the campaigns of stratagems and tricks used by those who have opposed OPEC ever since it first tried to raise the excessively low price of petroleum, a price which was responsible for a good part of the prosperity of the industrialized nations. They were actually the only ones who benefitted from this cheap energy.

It was essential to subject the worldwide oil production to rigid controls from March to July 1982. We had to adjust our production to conform to that general decision. We did so, based on the conviction that this was a temporary, appropriate, and correct action to take.

Now we must reach a rational agreement about programming production in order to avoid a price decline, toward which some of the international communications media seem to be pushing us, acting in the service of the big interests. I hope that the problem of price differentials between the Gulf and African crudes can be resolved.

OPEC is a standard-bearer in the defense of petroleum prices. But this defense can not be its sole and exclusive responsibility; it must be shared by all the petroleum-exporting nations.

It is true that the proportion of OPEC's participation in the international market has declined in recent years, but it continues to be a major force, both respected and respectable, against which the offensive of intrigues seeking to divide OPEC by setting its members against each other must reckon with. OPEC should draw closer to the rest of the exporting countries: Oman, Norway, Egypt, England, and above all, Mexico.

We all have mutual interests.

We should also open up a frank dialogue between producers and consumers in order to ensure market stability, to guarantee safe and reliable supplies, and a long-term sensible price policy, without seeking to force down prices, which would cause tremendous and negative consequences. It is our duty to preserve the strategic and economic value of petroleum.

For many years to come, Venezuela will continue to be a petroleum country of prime importance. Our social progress in this century has been determined by the presence and importance of oil. We nationalized our petroleum industry in 1976 without any internal or external convulsions, and we have been expanding the achievements of this nationalization, so that the industry can encompass the physical and human geography where it is involved and so that petroleum can become a tool for negotiation, cooperation, and collaboration.

The project we are inaugurating today provides an excellent reason for our optimism. The discoveries in the Orinoco Oil Fields also support our optimism. There are 200 billion barrels of petroleum in the fields in the south of Monagas (Cerro Negro); there are 80 billion barrels in the area southeast of Anzoategui (Hamaca area) and 180 billion barrels in the Zuata area (southwest of Anzoategui). These are impressive figures which allow no room for the pessimism of those who claim that the era of oil is coming to an end.

I know that the realities of the international and national market require that we revise some projects. The ones that have to be postponed will be postponed. Those which must be scaled down will be. But I can state that, despite the difficulties we are facing today, during 1983 the petroleum industry will spend 19 billion bolivars on operating costs. The benefits we reap from our petroleum will enable us to enter the next century with hope. In the century to come Venezuela will continue to be a petroleum country, but it will realize that economic

growth must be integral and diversified and that, along with material prosperity, we must have a flowering of social justice, political advances, and cultural stimulation. For all these national goals, petroleum will be on the front lines of cooperation.

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CSO: 3348/231

MORE EFFICIENT REFINING PROCESS INTRODUCED AT AMUAY

Caracas EL DIARIO DE CARACAS in Spanish 10 Feb 83 pp 28-29

[Article by Jose Suarez-Nunez]

[Excerpts] Until a few days ago, Lagoven's Amuay refinery needed nine barrels of petroleum to make one barrel of gasoline. Now it can produce one barrel of gasoline from four barrels of petroleum, because of the new refining process.

A recent change in the refining process of "El Palito" has increased the production of gasoline from 16,000 barrels a day to 77,000 barrels, with medium and light crudes, avoiding the production of residuals that are sold on foreign markets for heating. At the present time, these products have a low sales value; their prices are down, and they are being replaced by coal and other energy sources.

The significance of Amuay is that it can produce gasoline from heavy petroleum, which is most abundant in Venezuela. This means that light crudes, which are most sought after on the international market, can be conserved.

Of each 100 barrels processed at Amuay, 85 barrels of gasoline and other white products are sent to the market. Of these, 63 barrels are exported as a variety of products, and 21 barrels are consumed on the domestic market.

Amuay is the largest refinery in the world outside of the United States. It was opened in 1950 by Creole, in principle to serve its residuals market on the east coast of the United States.

In order to produce one barrel of gasoline (159 liters), until a few weeks ago, it needed nine barrels of crude.

With the changeover to the "flexicoking" system, requiring an investment of 5.3 billion bolivars, it will now need only four barrels of crude to produce one barrel of gasoline. Because of the considerable savings, the investment will pay for itself within 2 years.

This means that the refinery will use 100,000 barrels a day less of light crudes, which are being replaced by heavy crudes, which have a lower sales value on the international market.

Venezuela has great reserves of these heavy crudes.

The net profit in this process is 40 percent. The combination of crudes used at Amuay in the past was 24 points on the API [American Petroleum Institute] index. The current blend, used to produce gasoline and other white products, is 24 points on the API scale.

The plant is completely computerized, with the exception of the production of lubricants and the electric plant.

Before the change in process, Amuay produced 200,000 barrels of heavy fuel. Now it will produce only 111,000 barrels, and instead will process 162,000 barrels of low sulfur heavy fuel. In the past it produced 18,000 barrels of distillates, and now it will produce 24,000 barrels. It processed 49,000 barrels of gasoline, and will now produce 106,000 barrels.

Amuay's "flexicoking" process extracts more valuable products from a barrel of crude than other refining systems, such as straight-run distillation or vacuum distillation. Instead of producing solids of limited sales appeal, gaseous products can be recovered, which are of greater use and have a higher price tag.

The volume of gas used with the new system will mean savings of over 30 million cubic feet of natural gas a day. The gas that is recovered will be used as a fuel in the refinery itself.

The 100,000 barrels of medium and light crudes which will not be processed at Amuay now, as they can be replaced by heavy crudes, have a sales price of 10 million bolivars a day on the international market. If these crudes were all sold, that would amount to 3.6 billion bolivars a year.

The new refining process will produce an additional 57,000 barrels of gasoline; an added 6,000 barrels of distillates; 27,000 barrels more of low-sulfur heavy fuel, and 89,000 fewer barrels of high-sulfur heavy fuel, which is of less commercial value.

It is in Venezuela's national interest to produce heavy and extraheavy crudes. Nonetheless, they do have special characteristics which make it hard to process them. Their high viscosity prevents them from flowing easily from the pores in the rocks where they are found. It is necessary to stimulate their production by heating them, by injecting water vapor into the well, in order to facilitate their extraction.

Heavy crudes also pose some refining problems. Their high metal content (vanadium and nickel) diminish the effectiveness of the catalysts used in refineries and result in "poisoning" them. They also have a high percentage of naphthenic acids which cause rapid corrosion of refinery equipment, unless a special steel, to which a percentage of chromium is added, is used for construction.

Straight-run and vacuum distillation of heavy crudes both produce primarily high and low-sulfur heavy fuels which, like residuals, are difficult to place on international markets.

The change in Amuay's refining process will solve part of these problems. Most of the residual products that were produced now have a very limited market, since they are regularly consumed during the winter months in the northern hemisphere (on the east coast of the United States and in Europe). Now the residuals derived from Venezuelan crudes are facing competition from the Mexican "Maya" crudes, both in terms of prices and regularity of supply.

Venezuela can not withdraw from the production of heavy crudes, which represent over 50 percent of its current reserves. For 4 decades the multinationals extracted about 35 billion barrels from the nation's oilfields. First they took the "lomito," which was logical from a commercial viewpoint.

It is constantly growing more difficult to place heavy petroleum in the international market, but that is what most of Venezuela's reserves are. This means that Venezuela must seek sophisticated designs and technological infrastructures in order to extract, handle, and refine these crudes. Using these more sophisticated

methods, it is possible to obtain white products for sale in international markets. These sell more readily and have higher prices. In short, instead of just exporting raw materials, Venezuela now plans to export more petroleum products.

Lagoven's vision in planning the change in Amuay's refining process, along with the guidance of the ministry of energy, mines, and petroleum of Venezuela, led to the creation of an infrastructure to use what we have in abundance (heavy and extraheavy crudes) and change them into more expensive products, in addition to avoiding wasting light crudes by using them in automobiles.

The heavy and medium crudes processed at Amuay reach the plant via the Ule-Amuay pipeline, which consists of two twin tubes each 66 centimeters in diameter, with a length of 235 kilometers, and the capacity to transport 790,000 barrels per day.

The Amuay refinery, located on the Paraguana peninsula in the state of Falcon, has a dry climate, so it can store up to 19 million barrels out in the open. Its total storage capacity is 46 million barrels. In addition to the dry climate, the soil in its storage basins is clay, which means that it is almost completely impermeable. This forms an ideal base which prevents losses caused by filtration. The terrain's natural configuration facilitated construction of the storage basins at Amuay.

Amuay's Petroleum Products

Four new plants have been built at Amuay, in addition to those already in existence there:

- a. catalytic cracking unit;
- b. flexicoking unit;
- c. isomerization unit;
- d. distillation unit for petroleum byproducts.

Catalytic cracking is the most efficient commercial process used to produce gasoline. There are also other processes such as: visbreaking, de-asphaltation, fluidcoking, and flexicoking.

Flexicoking is now used at Amuay. This method has been in use since 1973 in Baton Rouge. In Baytown, Texas, a plant similar to Amuay has been built, and heavy crudes similar to Venezuela's Escan crudes are processed there with excellent results.

The other processes of isomerization and distillation were obtained from Universal Oil Products, which has lengthy experience with refining.

At Amuay, the naphthas coming from the straight-run distillation process are converted, by means of a separation process, into propane, butane, and light naphthas. The propane is used in the process of deparafination in making lubricants. The butane is converted into isobutane. The light and intermediate naphthas are mixed with the "cracked" naphthas to produce gasoline of different types.

The heavy naphtha produced by Amuay is used to make solvents and fuels for turbines. The kerosene produced there is the main fuel used for jet aircraft and is also used to dilute heavy fuels. Sulfur is separated from the light gas oil obtained by straight-run distillation. This is done by means of a process known as desulfuration. The heavy gas oil also produced here is used to make diesel oil for heavy and marine transport.

Dozens of other products are made at Amuay for the lubricants, chemicals, and petrochemicals industry. In the future these products may be sold in foreign markets.

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CSO: 3348/231

PDVSA DIRECTOR DISCUSSES INVESTMENT FUNDS, OIL PROJECTS

Caracas EL DIARIO DE CARACAS in Spanish 8 Feb 83 p 35

[Article by Jose Suarez-Nunez]

[Text] At the forum on the scope and applications of the "Buy Venezuelan" decree, Humberto Penalosa, director of PDVSA [Venezuelan Petroleum, Inc], said that the government revenue provided by the petroleum industry this year will be 47 billion bolivars, and other payments for investments and operations will total 81 billion bolivars.

Penalosa pointed out that the petroleum industry's investment budget for this year will be 19 billion bolivars, and 16 billion will be earmarked for operations. These figures represent increases of 12 percent and 8 percent, respectively, over last year. It was not explained whether the increase was in relation to last year, or whether the increase included an adjustment for inflation.

Humberto Penalosa mentioned two factors which are apparently in contradiction, but which the petroleum industry must manage to bring into some degree of harmony. On one hand, the financial resources for investment show a marked tendency to decline in the midterm period; and on the other hand, it is essential to keep the industry sound and economically strong over the next 20 years, as we can see no other economic activity in Venezuela capable of replacing oil as a generator of government revenue and as a source of foreign currency for the Central Bank.

The PDVSA director spoke of the scaling down of projects by the operators, saying that "the industry has committed itself to the strategic concept of the a hierarchical ranking of its investments. In the current climate of uncertainty, these investments provide some flexibility among the basic functions of the industry, so that at appropriate times plans may be adapted to

suit the prevailing situation. In some cases this might call for a conceptual reevaluation of projects that were conceived in circumstances different from those prevailing today, particularly in relation to the prospects of foreign markets, growth of the domestic market, and medium and long-term potential for production, as well as the nation's economic prospects."

Penaloza emphasized: "In order to maintain the production potential at 2.8 million barrels per day for the year 2000, the industry will have to develop all of the production projects it now has on file. This explains the ranking of these projects for the 1983-1988 5-year period, in order to reconcile any possible financial limitations on the cash flow."

The PDVSA director added that "the petroleum industry will maintain its long-term course and objectives, even though the economic situation may force it to trim its mid-term plans, and in some cases, to revise short-term programs."

Ranking Petroleum Projects

Penaloza cited the seven projects and programs that will be executed during the next few years, reporting that these adjustments and cutbacks will take into account the shrinkage of the rate of growth of oil demand throughout the world, the lower participation of the OPEC countries in the market, and the growing uncertainty in the world market, in addition to OPEC's role.

- a. A reduced share of production from the Orinoco Oil Fields in meeting the production potential for the year 2000. Its production will be 500,000 barrels per day instead of 1 million.
- b. The inclusion of 35,000 barrels per day of improved crude from Cerro Negro (a Lagoven project) in the flow of production, 5 [word missing?] before originally programmed.
- c. The need to revise mid-term investments in the refining processes change at Puerto La Cruz (Meneven) and Cardon (Maraven), and in the DSMA [Development of the South of Monagas and Anzoategui] crude improvement plant.
- d. The need to evaluate the option of a refinery for heavy and extraheavy crudes in the Orinoco Oil Fields, for the eastern part of the country.
- e. The reduction in the unit earnings of exports, with the increase of heavy crudes in the export package.

- f. Difficulties in supplying sufficient reserves to meet the industry's investments.
- g. The need to rank very strictly the petroleum industry's investment projects.

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CSO: 3348/231

PETROLEUM COUNCIL REJECTS POSTPONEMENT OF PDVSA PROJECTS

Caracas EL DIARIO DE CARACAS in Spanish 9 Feb 83 p 42

[Article by Jose Suarez-Nunez]

[Text] The Petroleum Council feels that six projects which are of vital interest to the petroleum industry should not be halted, because that could disrupt reasonable levels of activity in Venezuela's engineering, construction, and technological services.

"Not stopping them," said Edgar Romero Nava, head of the Petroleum Council, "is the best way of furthering the nationalization of the industry; it would be like investing more bolivars in the industry."

"We do understand," said Romero Nava, "the changes that have taken place in the international oil market, such as the increase in reserves and the decline in rates of growth in the domestic market; however, we believe that programs to support and expand our capacity to extract lower-cost crudes, then going after the higher-cost crudes, should be maintained. Nonetheless, let me make some comments. There should have been financing provided for the execution of profitable and safe investments; this should not be done through financing provided by the industry itself at a time when there are cash flow problems in the petroleum industry."

The Petroleum Council believes that when decisions are being made on matters such as the reformulation, postponement, and modification of the original programs, factors such as economic returns and the production, export, and domestic market requirements should not be viewed in isolation. Rather, factors such as the development of the industrial base and technological services of the nation, as well as the strengthening of national goods and service industries should be included in this analysis.

According to Romero Nava: "Some projects should not be postponed or halted. An effort must be made to continue these projects, even at a more moderate pace, if necessary, because of the strategic value they have for the nation."

The president of the Petroleum Council mentioned the following projects:

1. The Lagoven DSMA [Development of the South of Monagas and Anzoategui]. This is a strategic project which is moving ahead and will show the real economic possibility of producing heavy and extraheavy crudes, so essential for the development of our national industry. This project should not be stopped.
2. The Cerro Negro crude refining plant. This project has taken shape after many discussions on the selection of the appropriate technology and has been approved by INTEVEP [Venezuelan Institute of Petroleum Technology]. It now appears that in one way or another, the execution of this project will be financed in another country.
3. The same thing is happening with the Maraven Zuata project in the Orinoco Oil Field. Cash flow problems should not be a sufficient reason for stopping this project.
4. The Boscan crude project should not be cut back, as this crude is well known and widely accepted in the international market, and also because of its regional economic impact.
5. Halting the project to modernize the Meneven refinery at Puerto La Cruz is illogical because of the obsolescence of the plant. The minimum required is reconstruction. Any failure at this refinery would require that fuels be transported from Falcon. In addition to the strategic weakness inherent in such a plan, it would increase the product's cost.
6. We believe that drilling activity should not be restricted solely to private contractors, but that it should be shared on an equal basis by the operators. In addition, well repairs have considerably diminished.

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CSO: 3348/231

GUYANA, CUBA AGREE ON COOPERATION, TRADE

FL281730 Bridgetown CANA in English 2104 GMT 26 Mar 83

[By Edwin Ali]

[Text] Georgetown, Guyana, 26 Mar, CANA--Guyana and Cuba have agreed to explore the possibility of jointly establishing a publishing house and a medical school here, a government statement said.

"Cuba is also to give consideration to a Guyana proposal for counter trade between the two countries," the statement added.

The proposals came out of the just-concluded eighth meeting of the Guyana-Cuba Joint Commission set up in 1975 to promote cooperation between the two republics.

Guyana's rice and timber were identified as likely local products to be exchanged for Cuban goods under the barter arrangement.

At the meeting Guayana also sought an extension of a 1.5 million dollar (U.S.) Cuban line of credit to this country, agreed to during a previous joint commission meeting.

Guyana asked too that Cuban cement be added to the list of products which could be purchased through this line of credit and the requests are to be transmitted to the Cuban Ministry of Foreign Trade, the statement said.

The release said the commission agreed that Cuba would provide hospital places and treatment for a specific number of Guyanese in Cuba without cost during 1983, and that 24 Cuban doctors now in Guyana will extend their period of service for a further two years.

It was also agreed that Guyana would purchase spare parts from Cuba for its sugar cane factories, subject to an agreement on terms and conditions to be settled between the relevant agencies in the two countries.

In the area of scientific and technical cooperation, two Guyanese are to be trained in Cuba in tobacco cultivation techniques.

Guyana is to send a chemist to Havana for an attachment at Alkyd resin and paint pigment factories in that country.

It was agreed that a proposed joint forestry venture be shelved for the time being until current economic difficulties now being experienced by both countries are alleviated.

The next meeting of the joint commission, is scheduled to be held in Havana in January 1984.

CSO: 3298/1233

CDB LOANS TO BOOST JAMAICA, BELIZE INDUSTRY, DEVELOPMENT

Kingston THE DAILY GLEANER in English 4 Mar 83 p 13

[Text] A loan of nearly U.S. \$7.26 million is to be made available to the Government of Jamaica by the Caribbean Development Bank (CDB) for the construction of individual factory buildings and small industry complexes at different locations in the island, as part of an overall factory building programme.

A release issued by the CDB this week, stated that its board of directors had approved the granting of the loan to Jamaica and also, a U.S. \$2-million loan to Belize at its 77th meeting, held at the CDB's headquarters at Wildey in St. Michael, Barbados, last month.

In its announcement, the CDB said the loan of U.S. \$7.259 million which it had decided to make available to the Government of Jamaica, would be financed from a sum of U.S. \$3,154,480 from the CDB's Ordinary Capital Resources

and U.S. \$4,104,240 - made up of U.S. \$800,000 from the Bank's Special Funds Resources and U.S. \$3,304,240 from the CDB's Ordinary Capital Resources.

The first segment of the loan -- U.S. \$3,154,480 -- will be used by the Jamaica Industrial Development Corporation (JIDC) in the construction of individual factory buildings; and the second segment -- U.S. \$4,104,240 -- will be used by the JIDC in the construction of small industry complexes at different locations in Jamaica -- part of an overall factory construction programme.

"This project is financed from three sources," the CDB's release stated.

"Procurement under Source 1, is limited to CDB member states and territories, the United States of America, the

Federal Republic of Germany, Sweden, other IDB Member states, and eligible IMF member states. Under Source 2, procurement is limited to CDB Member states and territories, the United States of America, the Federal Republic of Germany and Sweden. Under Source 3, procurement is limited to CDB member states and territories, the United States of America, other US/AID Code 00 and Code 941 Countries."

The U.S. \$2-million loan to Belize, will provide funds for that territory's Development Finance Corporation under guarantee of the Government of Belize.

The loan is made up of U.S. \$1-million from CDB's Ordinary Capital Resources, and U.S. \$1-million from the Bank's Special Funds Resources. It will be used to finance agricultural and industrial credit.

CARIBBEAN CENTRAL BANKS STUDY JAMAICA-BARBADOS DISPUTE

Kingston THE DAILY GLEANER in English 2 Mar 83 p 1

[Text]

PORT OF SPAIN, Trinidad, Feb. 28, Cana Reuter

Central Bank Governors from five Caribbean Community (CARICOM) member countries today came up with a set of suggestions they think can solve the problems created by Jamaica's new economic policies and the Barbadian retaliatory action, a spokesman for the group said after talks here.

At the one-day meeting at the Hilton Hotel, Central Bank Governors from Trinidad and Tobago, Jamaica, Barbados, Belize, Guyana and the Managing Director of the East Caribbean Currency Authority, also considered the effect of the measures on the Caricom Multilateral Clearing Facility (CMCF) — a special fiscal mechanism, local Central Bank Governor Victor Bruce said.

According to Mr. Bruce the Governors will take their recommendations which were not disclosed to the press — back to their respective governments which will then have the job of taking the necessary action.

Last month Jamaica introduced a two-tiered currency exchange rate, which Caribbean manufacturers said had made their products more expensive in Kingston.

There is a special rate of 1.78 Jamaica dollars for one U.S. dollar for some imports and a higher rate for others.

Mr. Bruce said that if the Governors' recommendations are accepted by the Governments, then the aims and objectives of the clearing facility would be achieved.

He declined to give an indication of the nature of the recommendations being made to the regional governments, but stated that full consensus on all to the issues and the remedies suggested was reached at the meeting.

Mr. Bruce explained, too, that today's meeting was a special one and that the regular meeting of regional Central Bank Governors was billed for early April in St. Kitts, when decisions taken today will be reviewed.

NO: 3298/417

TRINIDAD-TOBAGO OFFICIAL DESCRIBES TALKS WITH JAMAICANS

Kingston THE DAILY GLEANER in English 23 Feb 83 p 16

[Text]

CASTRIES, St. Lucia, Feb. Trinidad and Tobago has not taken any measures to counter the effects of a two-tiered currency exchange rate introduced by Jamaica, because of the oil-rich twin-island states fundamental interest in maintaining the institutions of the Caribbean Community (CARICOM), Trinidad and Tobago Permanent Secretary in the Ministry of Finance, Frank Barsotti, said today.

Mr. Barsotti is heading a party of Trinidad officials talking with Jamaica on its decision to introduce a two-tiered currency exchange rate.

The talks started here yesterday between Prime Ministers Edward Seaga of Jamaica, and George Chambers, of Trinidad and Tobago, but were referred to their technocrats to work out details of any possible accord.

Mr. Barsotti said the officials met throughout the morning but were unable to agree on a number of points. The meeting continued this afternoon.

Press reports last week said the Trinidad and Tobago Cabinet had been examining the new currency arrangement following complaints from businessmen that the move made their exports to Jamaica more expensive.

Mr. Barsotti said that the talks were first to determine exactly how the Jamaica measure would impede the trading efforts of manufacturers in the region.

The business community in the region has complained about the new currency arrangement and Barbados has decided to float its dollar against the Jamaica dollar so its businessmen will still have a competitive edge.

Jamaica now has a special rate of one U.S. dollar for a Jamaica dollar for some imports, and a higher rate for others.

Mr. Barsotti explained that trade and payment arrangements with Jamaica are operated under the Multi-lateral Clearing Facility, a special fiscal mechanism.

The Central Bank in Trinidad and Tobago is the agent bank for the facility while the Governor of the Trinidad and Central Bank is the chairman of the whole arrangement.

If Jamaica and Barbados move outside the facility and settle their trade and payments on a bi-lateral basis, then this will make the multi-lateral Clearing Facility redundant, Mr. Barsotti said.

He added, "We are concerned from that point of view as to the future of the facility in terms of the Jamaica exchange regime and what Barbados has put into effect."

FROM TODAY, Barbados floated its currency against Jamaica's.

Mr. Barsotti said: "Trinidad is fundamentally interested in the maintenance of CARICOM institutions and will want to find out what is being done by Jamaica and Barbados before we decide to take any action."

"That does not rule out the fact that we are quite

likely to take action if the measures militate against our industrialists".

He disclosed that Trinidad has received a request from Jamaica for prices of steel products, polyester and fertilizers which his delegation has immediately requested from home.

"This will be passed on to Jamaica for study and we ought to get a reaction by the end of the day before Prime Minister Seaga returns home," he remarked.

This was not seen by Trinidad as a way out of the exchange rate issue, but merely as an initiative, which will also be discussed when the two islands meet for bi-lateral discussion next month, the Trinidad Government official said.

He argued that had Jamaica allowed some consultation among regional states prior to the introduction of the two-tiered currency arrangement misunderstanding would not exist.

BRIEFS

SMUGGLING HURTING ECONOMY--St. John's Antigua, Wednesday (CANA)--The Antigua and Barbuda Government, which is experiencing a cash flow problem, has accused some local businessmen of aggravating the situation by smuggling large quantities of goods into the country from neighbouring islands. Finance Minister, John St. Luce said the illegal practice was harming the country and government was losing thousands of dollars in revenues from taxes normally attached to imports. He told a news conference here: "A large quantity of these goods are coming from St. Thomas, St. Croix, St. Maarten and what happens is that large vessels stay out at sea and smaller boats go out and reach them at night and these small boats bring the goods ashore." St. Luce did not say what type of goods were involved nor the exact sum of money government had already lost as a result of the practice. He said those businessmen behind the smuggling ring were also underselling their colleagues who were rightfully paying their taxes and duties to the government. The Finance Minister said it was a hard task for the authorities to attempt to smash the ring, as the money was not there for the setting up of a coast guard service. Antigua and Barbuda is one of the five signatories of an Eastern Caribbean security pact which, when fully operative, will counter such activities as smuggling. [Text] [Bridgetown ADVOCATE-NEWS in English 17 Feb 83 p 3]

CSO: 3298/419

BRIEFS

LEFTISTS PROTEST NICARAGUAN INVASION--Buenos Aires, 25 Mar (DYN)--Several leftist political groups staged demonstrations today in downtown Buenos Aires protesting the invasion of Nicaragua by Somozist groups. One of these demonstrations, called for by the Communist Youth Federation, marched several blocks on Lavalle Street hoisting red flags and chanting songs against "Yankee imperialism," while the Workers' Party held a rally on Plaza de la Republica. Both demonstrations held were orderly and they disbanded with no incidents. [Text] [PY260243 Buenos Aires DYN in Spanish 2346 GMT 25 Mar 83]

POLISH SHIPS SEEN POACHING--Mar Del Plata, 29 Mar (TELAM)--The local daily LA CAPITAL reported today that Polish fishing ships are operating in Argentine jurisdictional waters, using Cracker Bay, a few kilometers away from Puerto Madryn, as their support harbor. The daily claimed that its special correspondents in Puerto Madryn have been able to confirm the reports which members of the local trade, industrial and production union had made earlier. LA CAPITAL indicated that the Polish fishermen have a support harbor which allows them to bring it the crews by plan directly from Poland and that the catch is transferred in Cracker Bay where 100-meter long ships handled by 80-man crews anchor near the mother ship and await the arrival of a Polish liner which carries away the catch. [Excerpt] [PY301255 Buenos Aires TELAM in Spanish 1940 GMT 29 Mar 83]

COSTA MENDEZ CANDIDACY REJECTED--Buenos Aires, 23 Mar (NA)--The Democratic Center Union [Partico Union Del Centro Democratico--UCD], a party led by former Economy Minister Alvaro Alsogaray, has reaffirmed that the plenary session of the centrist forces has rejected the presidential candidacy of former Foreign Minister Nicanor Costa Mendez. The plenary meeting of politicians and parties of the center was held in Rosario on Saturday. Through a communique, the group indicates, paraphrasing remarks made by trustee Alberto Villafane Tapia in Rosario, that "by no means and under no circumstances could Costa Mendez, who shares the responsibility for the Malvinas failure, become a presidential candidate." [Excerpt] [PY241709 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1322 GMT 23 Mar 83]

STRIKE COMPLIANCE 96 PERCENT--Buenos Aires, 28 Mar (DYN)--The Argentine Interior Ministry this morning indicated that labor absenteeism resulting from the general strike has reached 96 percent in the main provinces, while

in the rest of the interior the average rate of compliance with the strike is 85 percent. The official report stated that in Buenos Ires, Cordoba, Santa Fe, Mendoza and Chaco Provinces absenteeism has reached 96 percent and added that by 1100 today no incidents have taken place throughout the nation. [Text] [PY281433 Buenos Aires DYN in Spanish 1415 GMT 28 Mar 83]

MILITARY INDUSTRIES ANSWER CRITICISM--Rosario, 30 Mar (DYN)--The military industries civilian personnel have issued a communique pointing to the usefulness and quality of Argentine-made military equipment. The communique came in response to criticism from Peruvian sources over the quality of Argentine-made portable weapons purchased by Peru. The communique states that military industries have been operating in Rosario since 1936 and that it has "gained enough prestige and experience to operate on highly sophisticated international markets." "Plant management," the communique goes on, "follows modern trends in industrial organization and places emphasis on quality control." The communique adds that "we have been able to sell our products at very competitive prices below current international market levels, based on our plant's high operational efficiency." [Text] [PY301610 Buenos Aires DYN in Spanish 1003 GMT 30 Mar 83]

CSO: 3348/291

BRIEFS

EXPORTS TO MDC's--Barbados' exports to the More Developed Countries (MDC's) in Caricom showed an increase of \$15 million over a similar period last year, January to September, while imports dropped by some \$28 million. In the latest figures compiled by the Barbados Export Promotion Corporation (BEPC), exports to Trinidad, Guyana and Jamaica stood at some \$73 million for 1982 as compared to \$58 million the previous year. However, a decline in trade with Jamaica and Guyana was recorded, with exports dropping from \$15,074,652 to \$13,516,407 in the first instance, and from \$2,345,736 to \$1,345,821 in the second. Trinidad and Tobago on the other hand, had increased buying from Barbados, since in 1981 exports to the twin island state was at \$41 172 561, while the 1982 figure showed \$58 903 773, giving an increase of \$17 million for the period under review. [Text] [Bridgetown THE NATION in English 16 Feb 83 p 1]

CSO: 3298/420

LABOR LEADER CHARGES GOVERNMENT OBLIVIOUS TO PEASANTS' PLIGHT

La Paz PRESENCIA in Spanish 21 Feb 83 p 3

[Text] Genaro Flores, executive secretary of the United Trade Union Confederation of Farm Workers has told PRESENCIA that the peasants are the victims of excesses and abuses on the part of the authorities in cities and rural areas, where merchants and middlemen impose prices at will and there is no control.

He stated that on Saturday, members of the Departmental Federation noted that Urban Police officers had seized farm products. He said that the small producer comes to the outlying districts of the city of La Paz and others in the interior with two or three arrobas of potatoes, *chuno*, and so on, in order to sell them directly, but that his rights are violated by municipal authorities.

Flores said that the small producer faces serious problems and that his situation is worsening considerably due to the current economic crisis. He added that several peasants had presented their complaints to the Departmental Federation but that due to the lack of understanding of authorities, no just treatment has yet been granted to peasants.

Flores said that the only persons benefiting are merchants and middlemen who "redeem" or buy products in rural towns at unfair prices and then resell them in cities with good profits. He added that merchants impose their own prices at will, especially in the sale of basic commodities. He gave as an example the price of batteries for radios and said that each one costs 170 Bolivian pesos. A transistor radio takes four, meaning that a peasant would have to spend 680 pesos when 25 pounds of potatoes are sold in rural areas for 600 pesos.

Flores indicated that due to the most recent flooding, peasants in the east have lost their crops. He said that in the High Plateau and small valleys in the departments of Chuquisaca, Potosi, Oruro and La Paz, the drought had affected crops seriously. He admitted that it had rained in recent weeks, but that the crops were already lost. Consequently, many peasants have begun to move their livestock to valley capitals in order to get feed for them, thus worsening their own precarious situation.

The farm leader said that for many years, governments have forgotten the peasants' plight. "They only remembered them in order to supply heavy backing

for military regimes, but little has been done to achieve the liberation of the peasantry." He added: "At the present time, the government does very little to cooperate with the peasants.

"In the current economic crisis, no one speaks of the plight of the peasants, who face grave problems due to high transport costs, whimsical prices placed on articles brought from the cities and also high prices for school supplies."

Flores said that at the close of the 100 days, the constitutional government should worry about seriously facing the grave problems of thousands of peasants. He added that this week, the United Trade Union Confederation of Farm Workers will release a document establishing its position on this and other problems.

11,464

CSO: 3348/251

MIR LEADERS DENOUNCE EXCLUSION FROM GOVERNMENT DECISIONS

La Paz EL DIARIO in Spanish 23 Feb 83 p 1

[Text] "The government is now trying to divert public opinion and to blame the UDP [People's Democratic Union] for the new economic measures and we cannot remain silent." This statement was contained in a press release issued yesterday by the Movement of the Revolutionary Left (MIR) signed by Antonio Aranibar Quiroga and Oscar Eid Franco.

The document notes that neither the MIR nor the UDP can take responsibility for the new economic measures, in whose drafting and definition the Movement of the Revolutionary Left was not involved.

The text of that press release reads as follows:

"In the fact of repeated statements by government officials implicating the UDP as the level at which the new economic measures are being analyzed and will be defined, the MIR believes it essential to express its opinion on the matter.

"From the time when the MIR was excluded from the government, no meeting of the National Executive Committee (CEN) of the UDP has been called, either to deal with political questions, much less to consider the economic problem.

"We have patiently and patriotically awaited a summons to the UDP CEN, but nothing of the sort has come about. This leads us to this initial position consistent with the defense of the people's national economy.

"Nor has the Committee on Government Programs and Action of the UDP been convened. On the contrary, it ceased operations from the time of the evaluation seminar held in Achocalla at the beginning of January.

"We consider this explanation to be fundamental because the MIR has never ducked its responsibility, any more than when we were part of the UDP government.

"The government is now trying to divert public opinion and to blame the UDP for the new economic measures and we cannot remain silent, which causes us to issue this statement.

"As a result, neither our party nor the UDP itself can assume responsibility for the new economic measures, in whose drafting and process of definition we were not involved.

"Today, the harmful economic consequences of the policies imposed by the palace clique and supported by the parties still in the government are evident. We are facing a return to improvisation in which the lack of any program of economic recovery and reorganization cannot be concealed with showy political acts or by creating false expectations about an alleged functioning of the UDP."

11,464

CSO: 3348/251

PAZ ZAMORA CRITICIZES PROCESS, ECONOMIC POLICY

La Paz EL DIARIO in Spanish 24 Feb 83 p 3

[Text] Stating that the 100-day period was set by the president personally as an interim period in order to get the country's economy back on its feet, Vice President Jaime Paz Zamora said that the exclusion of his party accentuates the weakening of the democratic process and that the economic solution for workers must be solid and real "so that they do not receive notes or paper with no value."

The vice president said in Tarija that the democratic process has no specific owner because "there is no individual or party that can arrogate to itself ownership of the process because it belongs to all Bolivians."

These statements by Vice President Jaime Paz Zamora, formulated in the southern city, were recorded by the weekly newspaper in that critical city and the text was sent to our staff by the Public Relations Office of the vice president.

Minimum Wage

Concerning application of the minimum living wage with a mobile scale, Paz Zamora maintained that "it depends on a series of factors that must exist, for example, the economic organization of our economy and above all, an increase in production. Otherwise, the minimum wage would be a deceptive wage for workers because without if there is no economic solution through an increase in production, the workers will be receiving bills, paper worth absolutely nothing inasmuch as they will not be backed by an economic, productive reorganization of our economy," he said.

Warning

"In proposing the adjustments, the MIR [Movement of the Revolutionary Left] informed the Bolivian people of the weaknesses that the process was demonstrating and in that sense, it was a warning to the people so that the process would have an opportunity. I now believe that the government's attitude of exclusions causes a weakening of the process," Paz Zamora said.

The vice president added that the theme of the 100 days granted in the economic field turned out to be insufficient. "That business about the 100 days was

never a matter of the government. It came from Dr Siles Zuazo. It was never clear what he meant about the 100 days. I was with Dr Siles when he spoke at the Plaza San Francisco when he arrived from Lima. I thought -- at least it was my personal interpretation -- that the 100 days were a period that Dr Siles was establishing in order to eliminate totally a series of factors that came from the military governments and that were necessary to eliminate in order to move toward thorough economic reform," Paz Zamora said.

The vice president predicted that the application of measures such as the minimum living wage with a mobile scale would give rise to a series of difficulties for private as well as public enterprises because both are in a crisis.

11,464

CSO: 3348/251

NEIGHBORHOOD COMMITTEES CALLED IN TO ALLEVIATE PRICE SITUATION

La Paz PRESENCIA in Spanish 21 Feb 83 p 3

[Text] The Federation of Neighborhood Committees of the South, headed by Delfin Berdeja, has proposed that neighborhood committees in the city of La Paz, together with the authorities, should act to control transport activities and prices on basic products. It suggests that in order to do so, agreements should be made in order to established in order to provide precise guidelines for the coordinated control service.

It also suggests that representatives of neighborhood committees should participate in the operation of transit courts and tribunals, ministries and municipalities in order to judge impartially and harshly those guilty of abuses against the community. Such a new system would make it possible to prevent abuses by transporters, eradicate speculation, uncover secret warehouses and finally, cooperate with authorities in the education of the people in order to achieve proper levels of order and discipline, thus wiping out immorality and corruption.

It mentions municipal action and the economic difficulties it faces due to the absorption of revenues by the payment of a plethoric bureaucracy, which prevents investments in public works. It points out that abnormalities with respect to patronage and bossism have not disappeared, meaning administrative immorality.

Concerning transit matters, the same considerations are mentioned. Its activity is bureaucratic. There is favoritism and the indiscriminate granting of driver's licenses, a lack of honesty and morals and bribing. It reports that most transit personnel own public transportation vehicles, making strict control benefiting the population impossible.

The Federation criticizes unions of transporters and states that instead of unions only for wage earners, transporters must join together in enterprises and those enterprises into associations.

Finally, it calls the work of the Ministry of Industry and Commerce negative, for it does not regulate supply and demand, contributes to the deterioration of the currency, does not control the setting of real prices, allows the action of middlemen and fails to control the quality and hygiene of consumer products. It emphasizes the case of flour and "the indifference towards scarcities."

BUSINESSMEN URGE ECONOMIC DECENTRALIZATION, REMEDIAL ACTION

Rio de Janeiro O GLOBO in Portuguese 4 Mar 83 p 22

[Text] Belo Horizonte (O GLOBO)--Meeting yesterday in Belo Horizonte, the presidents of the 14 federations of Brazilian Trade Associations presented as their major demand the immediate transfer of economic decisions to the National Congress, adopting a political basis and no longer a technical basis for the determination of the measures needed for the nation's economy.

They feel the government has not played its role adequately in finding solutions to the economic and social crisis confronting the country. As the most serious example, they cite the domestic interest rates, which have yet to be reduced.

"If we are to have the tranquillity sought by President Figueiredo, we must be able to work in peace," declared Guilherme Afif Domingos, president of the Federation of Trade Associations of Sao Paulo, during an interview in which he spoke for the 15 businessmen, including Ruy Barreto, president of the Brazilian Confederation of Trade Associations.

Among the demands which the confederation "is seeking to bring before the federal authorities," Afif cited the reduction of interest rates in the country, beginning with a reduction in the rates paid on pass book accounts and the rates charged by government-controlled banks, such as the Bank of Brazil, or simply the whole rate schedule. They will also ask that the revenues from the taxes imposed to curb the profits resulting from the maxi-devaluation of the cruzeiro, from the ORTN's, from the exchange correction and from exports be used to capitalize the companies which "have been driven by the government itself" to resort to foreign loans.

"If such measures are not adopted, we will see an acceleration of the crisis in the country, leading to unprecedented social upheaval, with even more serious unemployment and more bankruptcies. The number of protested notes and compositions in the country is already enormous, and layoffs have reached 1,000 per day in Greater Sao Paulo alone, all because the solutions are being put off, because the public is not participating in the decision-making process. Up to now, we have not had a chance to be heard," Domingos declared.

Social Effects

According to Cesar Rogerio Valente, president of the Rio Grande do Sul Federation, "the government is not taking the social effects into account." He said that

the government had "broken a moral commitment," because before the maxi-devaluation of the cruzeiro it encouraged businessmen to take out foreign loans, with the adoption of Resolution 63 of the Central Bank (repassing of foreign loans through the banking system) and the increase in the Tax on Financial Operations.

Regarding the interest rate schedule, he declared that no businessman of sound mind likes the schedule, "but under certain circumstances he even accepts that the CIP [Interministerial Price Council] take action with regard to certain oligopolized sectors, such as the financial sector-- which, incidentally, is practically monopolized by the government itself."

He concluded: "The example must begin at home."

According to Valente, even the private bankers are troubled by the interest rates, "because they will end up administrating all the bankruptcies."

Also speaking for the businessmen, Parana Federation president Carlos Alberto de Oliveira said that President Figueiredo's last statement was troubling in that he declared the government has absolutely no responsibility for the situation, when in fact it is the major culprit. "The blame cannot be laid to the businessmen or the general public, because he never listened to us," Oliveira said.

Ruy Barreto

Ruy Barreto, president of the Brazilian Confederation of Trade Associations, said yesterday that the government "already has all the means at its disposal to lower the interest rates in the country, but it has not adopted them because this will call for a political decision."

Barreto explained that this decision would correspond to economic liberalization, "without which the country will continue to have centralized decisions with no participation by the society, including workers and businessmen."

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CSO: 3342/86

MEASURES TO ACHIEVE \$6 BILLION TRADE SURPLUS CRITICIZED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Mar 83 p 54

[Article by David Renault: "Now, Export at Any Cost"]

[Text] The government is using the most varied expedients, some of which have received strong criticism in certain sectors, in order to affect the trade balance significantly, so as to bring the balance of payments into equilibrium and, more recently, to meet its commitment to the IMF and foreign bankers to achieve a \$6 billion surplus in the trade balance this year.

PETROBRAS [Brazilian Petroleum Corporation] is conducting foreign sales of ships and platforms; SIDERBRAS [Brazilian Iron and Steel Corporation], a "holding" of the State Steel Company, is negotiating a "sale and sale back" operation with Japanese groups, which means selling equipment of the Tuberao Steel Company, now in the final stage of construction, and then immediately buying it back, with long-term financing (the equipment never leaves the country); the maxi-devaluation of the cruzeiro, by 30 percent, has even troubled traditional exporters, who question its timeliness.

These operations by state enterprises such as PETROBRAS and SIDERBRAS insure that money enters the country and will be included in the export statistics for the balance of trade. Such operations are traditional in many countries, including some developed countries, and hence, government technicians argue, there is no reason for Brazil not to make use of them.

The critics, however, question the manner in which they are being conducted and their timeliness. Aware of Brazil's difficulties in obtaining a significant surplus in its trade balance and its need to bring in foreign exchange, the groups involved in the operations are imposing unfavorable conditions, which will have future repercussions.

No details have been offered regarding sales of PETROBRAS equipment; the Central Bank, in Brasilia, refuses to discuss the matter, arguing that the figures are secret, but Matheus Schnaider, president of the Engineering Club, has sent a letter to PETROBRAS President Shigeaki Ueki denouncing the disposal of company property through sales of ships and offshore platforms, which have guaranteed some millions of dollars.

Regarding the SIDERBRAS transaction with the Japanese, it is known that it will bring \$580 million to Brazil (value of the sale of the equipment), or 2.5 percent of the \$23 billion in Brazilian exports aimed for this year, in a single operation. A while ago SIDERBRAS considered a "leasing back" operation (sale and subsequent lease) for equipment of ACOMINAS [Minas Gerais Steel Company], also under construction, with English groups. According to company advisors, the idea was abandoned.

However, ACOMINAS has sold \$60 million worth of rods to Ferrostal AG, of Germany, and another \$120 million worth to Davy Loewy, of England. These were advance sales, which also figure in the trade balance, and would be delivered when the company begins to function. Delivery was scheduled for the second half of this year, but since ACOMINAS has again fallen behind schedule, the rods will come out of the production of other steel companies affiliated with SIDERBRAS.

Maxi

The purpose of the maxi-devaluation of the cruzeiro was to improve the conditions under which Brazilian products are exported and to insure a total volume of \$23 billion for the year, with a favorable balance of \$6 billion. Few government measures in recent years have received so much criticism.

It is said, for example, that there was no prior planning of measures that should accompany the devaluation and that such measures began to be studied only afterward. The introduction of the export tax on basic products reinforced the argument that there had been no planning.

When the maxi-devaluation was announced on the night of 18 February, Mailson Nobrega, then chief economic advisor of the Finance Ministry and today its secretary general, held a press conference announcing the institution of the export tax, also 30 percent, and said that some products with export problems, basically those which were already suffering competition abroad, could have the aliquot reduced or even eliminated at a later date. There would be no tax-exempt products, he said, and each case would be considered individually.

On Saturday, in another press conference, Nobrega announced a Central Bank resolution which had been drafted during the night and early morning, with a list of primary products which would have aliquots of 10 to 30 percent, hence slightly different from what had been announced the evening before. This list was full of mistakes, however, which led the Central Bank to announce a new resolution, and then another one, "correcting" the aliquots which had been improperly set for various products.

According to the government, the purpose of the export tax on primary products is to prevent the prices from being "debased" and the benefits of the maxi-devaluation from going to the importers. All the confusion surrounding the aliquots for the products indicates, however, that at the very least the government decision was hasty and unplanned.

The directive to private and state enterprises has been to export at any cost. Benefits have been granted, such as the credit premium for the Tax on Manufactured products, which led BEFIEX (Commission for Concession of Tax Benefits

to Special Export Programs) to approve, last year alone, 96 export programs for companies established in this country, with commitments to export \$35,674,000 in a average period of 8 years, more than the total commitments of the previous 10 years for BEFIEK programs.

Primary products are exported at a low price; for example, sugar is quoted on the foreign market at about \$170 per ton, whereas the domestic price is about \$400 per ton. It is preferable to export on unfavorable terms than to let the products pile up in the country or to stop production, which results in unemployment. In addition, even with the unfavorable terms, it is a way to bring in dollars.

In 1982 PETROBRAS sold the equivalent of 47 million barrels of oil in petroleum derivatives, mainly gasoline and fuel oil, remaining after the petroleum was refined to obtain diesel to meet domestic consumption needs. The average price of a liter of gasoline sold abroad last year was 23 cents, or 91 cruzeiros at the current exchange rate. A liter of gasoline costs the Brazilian consumer 210 cruzeiros today.

Last year, SIDERBRAS president Henrique Brandao Cavalcanti sent a private document containing an evaluation of his company to Joao Camilo Penna, minister of industry and trade. In that report, Cavalcanti stated that the need to improve the trade balance had led the government, as early as the second half of 1981, "to direct state companies to make an exceptional effort to export, a goal which was achieved, but sometimes at the cost of the deterioration of the economic health of those companies." [Although] Cavalcanti did not go into further detail on the matter, he meant to say that steel products were often exported at prices that were lower than desirable or even advisable.

6362

CSO: 3342/86

IBC TO MAINTAIN CURRENT COFFEE MARKETING POLICY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Mar 83 p 23

[Text] The Brazilian Coffee Institute (IBC) yesterday rejected all the proposals presented by the "Coffee Forum" regarding the domestic and foreign marketing policy for the product, particularly the institution of a system of auction of the volumes of coffee exported monthly, instead of the current system of individual export quotas maintained by the IBC.

The Coffee Forum is composed of leaders of various business associations in the agricultural sector, such as the Sao Paulo Federation of Agriculture and the Brazilian Rural Association. In a document forwarded to President Joao Figueiredo, the Coffee Forum criticized the policy of individual export quotas as well as the readjustment of the value of the tax assessment ("Exchange Tax") based on the variation in the exchange rate of the cruzeiro. In their meeting, the coffee producers called for a freezing of the value of the tax, claiming that the coffee exporting companies were making huge profits.

Replying to the arguments presented by the Coffee Forum, the IBC maintained that the "current system of export quotas is consistent with objective criteria in the spirit of implementation of the international coffee convention." According to the IBC, application of the system of individual export quotas has been flexible, with the introduction of the production stocks factor, which made it possible for the cooperatives to be exporting companies.

The IBC also contested the criticism raised by the Coffee Forum that "freezing the guaranteed price prevents the normal increases in the domestic price from being reflected in the official support price, and it opens the way for the authorities, next July, to attempt to impose an unsatisfactory percentage on the coffee growers in the readjustment of the guaranteed price."

"The coffee tax is so huge that, in the last meeting of the National Coffee Council, it was suggested that the coffee should be turned over to the government and the coffee growers should receive the revenues generated by the tax." Oripes Gomes, director of the National Coffee Council and president of the Mandaguari Coffee Growers Cooperative, made the comment yesterday in Parana, advocating an immediate readjustment of the guaranteed price, "if not through the exchange correction, then through the INPC." Oripes Gomes and other producers, processors and exporters have said that the "government is receiving

the lion's share" in the exportation of coffee and that, despite its unusual efforts in this period of crisis, it is not managing to stimulate Brazilian coffee production.

Gomes said that although the country has been consistently exporting close to 1.2 million sacks of coffee per month since last year, the elimination of coffee plantations is continuing apace in Parana, and the systematic abandonment of plantations has been observed in Minas Gerais.

According to Gomes, if this picture of disincentives to coffee production continues, the plantations will be transferred rapidly to states farther to the north, until finally coffee production will completely disappear from the country.

Claiming that the government "erred terribly" in not turning at least part of the export profits back to the producer, Gomes said that a broad, minute and detailed study prepared by the National Coffee Council on production costs revealed "simply astounding" figures. He added that, in this study, it was quite clear that the cost of financing to maintain a plantation has already reached as much as 33 percent of the total, as a result of the distortions in the system of agricultural financing adopted by the government.

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CSO: 3442/86

BRIEFS

AVIBRAS EXPORTS--Avibras Aerospacial, the major rocket manufactureer in Latin America, neadquartered in Sao Jose dos Campos, has signed export contracts valued at close to \$1 billion for the next 2 years. Avibras president Jose Carlos Verdi said yesterday in Brasilia that the prospects for this year are very good, despite strong competition from companies in the same field in other countries. Paying a courtesy call yesterday on Gen Jose Magalhaes da Silveira, Verdi declared that the maxi-devaluation of the cruzeiro will facilitate exports now but that, at long range, it could lead to increased production costs and a readjustment in the prices of the company's products. [Text] [Sao Paulo ESTADO DE SAO PAULO in Portuguese 4 Mar 83 p 6] 6362

CSO: 3442/86

RISQUET PRAISES KARL MARX' CONTRIBUTIONS

FL241613 Havana Domestic Service in Spanish 1145 GMT 24 Mar 83

[Text] The national commemoration of the 100th anniversary of the death of Karl Marx was held last night at this capital's theater bearing his name. The ceremony in memory of the genial leader of world proletariat was attended by leaders of our Communist Party, state, the Union of Youth Communist, mass organizations, representatives of the diplomatic corps accredited to Cuba and hundreds of workers who with their daily accomplishments make a reality Marx' thought.

The keynote speech was made by Jorge Risquet Valdes, member of the party Politburo, who referred to Marx's first years of struggle as well as his efforts in social research work and revolutionary endeavors. In another part of his speech, Risquet noted how this giant of the working class, still a thinker when he was profoundly involved in the preparation of his unequal master piece, never hesitated in devoting himself to the arduous task of organizing the international working class in the first years of the decade of 1860.

Comparing the accomplishments of Marti and Marx, Risquet noted: Our national hero also conducted a secret patient work aimed at impeding in time the expansion of the United States to the lands of America.

Lenin found a source of inspiration in Karl Marx' genial teachings when he convoked the Russian working class to fight against the czarist autocracy, organized a new type of party to channel the great revolution which overthrew the invalid bourgeois structures and, on their ruins, built a social regime free of exploitation and injustice, opening a new era in the history of mankind.

[Being Risquet recording] The world has changed a lot since the unfortunate moment when Karl Marx' heart ceased to beat. Capitalism reached it imperialist phase. Its contradictions exploded in two great world wars. Socialism was victorious first in 1/6 of the earth and out of it emerged the great Union of Socialist Soviet Republics [applause], which resisted the hard test of aggression by 14 capitalist superpowers almost at the very beginning of its existence and later the nazi-fascist invasion which it heroically defeated at the high price of 20 million lives.

Later on, socialism expanded to other nations in Europe and Asia until it reached the new continent with the victory of the Cuban revolution led by Fidel. [End recording]

In closing his speech, Risquet stated: [Begin recording] In the dramatic circumstances of the middle of last century, when the European working class was the victim of the most wicked exploitation, Marx launched an appeal that at the same time was a watchword, a cry of denunciation, an expression of the inevitable course of history--proletarians of all countries unite. That combat hymn conserves all its freshness and validity if it is expressed today in appealing to the awareness of the peoples and workers of the countries which have been forsaken, forgotten and exploited, as Fidel did in New Delhi. Fidel said: Struggle, struggle without rest for peace, for improving international relations, for putting an end to the arms race, for drastically reducing all military expenses and demanding that a considerable portion of those fabulous funds be devoted to the development of the Third World. That is the burning call of Marx' best disciple on this continent, the call of our commander in Chief Fidel.

CSO: 3248/636

COMMUNIST PARTY GREETES LPRP ANNIVERSARY

BK271715 Vientiane Domestic Service in Lao 0000 GMT 27 Mar 83

[Greetings message from Cuban Communist Party Central Committee to LPRP Central Committee--date not given]

[Text] On the occasion of the 28th founding anniversary of the LPRP, we would like to extend our warm fraternal salutations to you, comrades, and to all cadres, party members and people of Laos. Under the correct leadership of the Marxist-Leninist vanguard, the heroic Lao people have won a historic victory in obtaining their independence and social progress. At present, the heroic Lao people, together with the fraternal peoples in Indochina, have served as a solid fortress for the cause of peace and socialism.

We highly appreciate the significant steps achieved by the Lao people in the implementation of the resolutions of the Third Party Congress. Your party maintains the initiative in engaging in labor and in preparing to combat all enemies of your beloved country.

On this occasion we would like to express our militant solidarity with you, comrades, in your just cause, particularly in the reasonable proposal unanimously adopted by the Indochinese foreign ministers which aims to create an atmosphere of peace, stability and cooperation among the various nations in Southeast Asia.

On behalf of the party members and people of Cuba, we wish you, comrades, new success in implementing your glorious slogans, which say: Everything is for the defense of the country, for socialism and for a plentiful and prosperous life and happiness for the Lao people of various tribes.

CSO: 4206/67

BRIEFS

HART LEAVES FRANCE--Armando Hart Davalos, member of Cuba's Communist Party Politburo and culture minister, has concluded a 4-day official visit to France, where he inaugurated a retrospective exhibit of the works of outstanding Cuban painter Wilfredo Lam. The Cuban leader also held various meetings with French political and cultural personalities, which included talks with George Marchais, secretary general of the French Communist Party, and that country's Culture Minister Jack Lang. The visit of the Cuban minister was highlighted in most dailies of the French capital, particularly in the newspapers LE MONDE and L'HUMANITE and radio and television newscasts. [Text] [FL251328 Havana Domestic Service in Spanish 1200 GMT 25 Mar 83]

SAO TOME PRINCIPE VISITOR--Vilma Espin, alternate member of the party Politburo and president of the Federation of Cuban Women, had a friendly meeting with Maria Pinto da Costa, wife of the president of Sao Tome and Principe, who is on a visit to Cuba at the invitation of the ICAP [Cuban Institute of Friendship With Peoples]. [Text] [FL191920 Havana Domestic Service in Spanish 1100 GMT 19 Mar 83]--Jesus Montane, alternate member of the party's Politburo, has received, Maria Amelia Pinto da Costa, wife of the president of Sao Tome Principe and president of the Sao Tome-Cuban Friendship Association, who is visiting our country at the invitation of the Cuban Institute for Friendship With Peoples. [Text] [FL221511 Havana Domestic Service in Spanish 1100 GMT 22 Mar 83]

AGREEMENT WITH SAO TOME--The Cuban Institute for Friendship With Peoples [ICAP] and the Sao Tome and Principe-Cuba Friendship Association have signed in this capital an agreement of friendship and cooperation for the period 1983-1988. The document was signed by Rene Rodriguez and Maria Emilia Pinto da Costa, presidents of ICAP and that fraternal people's friendship association, respectively. Among the main objectives of the agreement are maintaining the multilateral cooperation by means of the knowledge of the two countries' histories, cultures, successes in building a new way of life and exchanges of publications and exhibits. Rodriguez noted he was satisfied for the good relations existing between the two peoples. Maria Emilia Pinto expressed gratitude for the Cuban people's internationalist aid to her country. [Text] [FL182203 Havana Domestic Service in Spanish 2106 GMT 18 Mar 83]

ORAMAS VISITING SOFIA--Sofia--Oscar Oramas, vice minister of foreign relations, has held work meetings with his Bulgarian counterparts Ivan Ganey and Mariya Zakhariyeva. Oramas arrived in Sofia on a 3-day visit to exchange views. He was accompanied by Arquimedes Columbie, a department chief in the Foreign Ministry. [Text] [FL181915 Havana Domestic Service in Spanish 1500 GMT 18 Mar 83]

EMULATION AGREEMENT WITH CSSR--Prague--The first emulation agreement between Cuban and Czech enterprises within the framework of bilateral relations was signed here by Ferromet and Cuba Metales. The agreement, endorsed by leaders of the two enterprises and union representatives, provides for an emulation in fulfilling trade treaties, exchange of information, contracts and commitments for delivery. [Text] [FL181906 Havana Domestic Television Service in Spanish 1303 GMT 18 Mar 83]

RODRIGUEZ MEETS BULGARIA'S LUKANOV--Carlos Rafael Rodriguez, member of the Politburo and vice president of the Councils of State and Ministers, has received Andrey Lukanov, candidate member of the Bulgarian Communist Party Politburo and deputy chairman of the Bulgarian Council of Ministers, who is in our country attending the 16th meeting of the Bulgaria-Cuba Intergovernmental Cooperation Commission. During their talks they covered topics of mutual interest and aimed at strengthening the close economic and political relations between the two countries. They also looked at the prospects for development of cooperation including joint operations in third countries. In welcoming the distinguished guest, Carlos Rafael Rodriguez stressed our people's feeling of solidarity with the Bulgarian people and our gratitude over the cooperation extended throughout this period. [Text] [FL171150 Havana Domestic Service in Spanish 1100 GMT 17 Mar 83]

DOMINICAN DELEGATION'S VISIT--Antonio Perez Herrero, alternate member of the Politburo, has met with a delegation of Dominican leftist parties made up of 11 revolutionary organizations of that fraternal country. During the meeting the party leader briefed the Dominican comrades on tasks being carried out in the ideological front in the battle for building socialism in our country. The Dominican delegation was also received yesterday by Jose Ramirez Cruz, alternate member of the Politburo and president of the National Association of Small Farmers, who briefed the distinguished guests on various aspects of the Cuban peasantry's situation prior to the triumph of the revolution and to substantial reforms that have taken place in the sector in recent years. Ramirez Cruz noted the tasks dealing with efforts to lead the peasantry to higher forms of agrarian production, and said that until last December 40 percent of the peasant land had been integrated into cooperatives with a total 1,500 members. [Text] [FL241411 Havana Domestic Service in Spanish 1100 GMT 24 Mar 83]

RAUL AT PDRY RECEPTION--Army Gen Raul Castro, second secretary of Cuba's Communist Party and FAR minister, has attended a reception hosted on the occasion of the visit to our country by Brig Salih Muslih Qasim, defense minister of the People's Democratic Republic of Yemen [PDRY]. During the reception, Army Gen Raul Castro and Brig Salih Muslih Qasim toasted to the further strengthening of the close ties of friendship uniting Yemen and Cuba. [Text] [FL251409 Havana Domestic Service in Spanish 1145 GMT 25 Mar 83]

PDRY DEFENSE MINISTER'S DEPARTURE--Brig Salih Muslih Qasim, defense minister of the People's Republic of Yemen [PDRY], today left our country after an official visit. Salih Muslih Qasim was bid farewell at Jose Marti international airport by Army Gen Raul Castro, second secretary of the party and minister of FAR. Shortly before leaving, the PDRY defense minister, accompanied by Raul Castro, placed a wreath at the tombs of Gen Antonio Maceo and his aide Capt Francisco Gomez Toro at Cacahual Mausoleum. A military ceremony was held there with the participation of a ground forces unit from the DAAAFAR [Antiaircraft Defense and Revolutionary Air Force] and Revolutionary Navy and the Western Army Band which played the Cuban and Yemeni national anthems. [Text] [FL252205 Havana Domestic Television Service in Spanish 2102 GMT 25 Mar 83]

ARMANDO ACOSTA IN PORTUGAL--A delegation of Cuba's Communist Party headed by Armando Acosta, alternate member of the Politburo, has arrived in Lisbon, Portugal, to attend the international conference of solidarity with frontline states. Upon arrival at the air terminal, the delegation was met by officials of the conference's preparatory committee. The conference is scheduled to open today. [Text] [FL251333 Havana Domestic Service in Spanish 1200 GMT 25 Mar 83]

OUTGOING AMBASSADOR TO FRANCE--Paris Mayor Jacques Chirac has received Gergorio Ortega, Cuban ambassador to France, in a special farewell audience. Ortega will end his diplomatic duties in that country shortly. During the cordial and friendly meeting, the two officials noted the bilateral relations and economic, cultural and scientific-technical agreements signed by Cuba and France over the years. The Cuban diplomat also met with Ramond Barre, former prime minister of France under the Valery Giscard d'Estaing administration. [Text] [FL260225 Havana Domestic Service in Spanish 0100 GMT 26 Mar 83]

ROMANIA'S AVRAM, OFFICIALS HOLD TALKS--Havana, 15 Mar (AGERPRES)--During the visit he paid to the Republic of Cuba, Ioan Avram, minister of the machine-building industry, conducted talks with Antonio Esquivel, vice-president of the Council of Ministers, co-chairman of the Romanian-Cuban joint inter-governmental commission on economic and technico-scientific collaboration, Joel Domenech Benitez, vice-president of the Council of Ministers, minister of basic industry, Marcos Lage Coello, minister of the iron-and-steel and metallurgical industries, Ricardo Cabrizas Ruis, minister of foreign trade, with executives of the State Committee for technical and material supplies. During the talks, the stage of the economic collaboration, of cooperation and specialization in the machine-building industry was analyzed, as well as the possibilities of expanding and diversifying the mutually advantageous collaboration. The resolve was expressed to work for the implementation of the covenanted understandings, for the manysided development of the Romanian-Cuban economic collaboration. At the end of the visit, a development programme of the cooperation in manufacturing engines and vehicles between 1983 and 1990, was signed and measures were also covenanted for the stimulation of the collaboration in rolling stock, tractors and farm machinery. [Text] [AU151919 Buchrest AGERPRES in English 1845 GMT 15 Mar 83]

BRIEFS

DETAILS ON PARTIES MERGER--Dominica's two Opposition Labour parties have met to finalise plans for a merger. A joint statement signed by former Finance Minister, Michael Douglas, and ex-Prime Minister, Patrick John, said that a steering committee, comprising 22 delegates, had been appointed and that "action is being taken to ratify a constitution." It said also that a code of conduct, and standing rules and orders will be among matters discussed at a national convention which, according to party officials, must be held between January and March 31, 1983. According to the statement, the two parties will be replaced by a "United Dominica Labour Party" which will adopt the symbol associated with Mr John's Dominica Labour Party. The statement gave no reasons why another ex-Prime Minister, Oliver Seraphin, who broke ranks with the Dominica Labour Party in 1979 to form his own Democratic Labour Party, was not present at the talks. According to usually reliable sources, Mr Seraphin had been invited to the talks but had failed to turn up, indicating however, that he was prepared to hold discussions with the other party leaders. Mr Seraphin's and Mr John's parties were first identified with the unification talks, with Mr Douglas opting out until certain conditions were met. Mr Douglas said that at three meetings with Mr John "these conditions had been agreed upon," without elaborating. [Text] [London THE CARIBBEAN & WEST INDIES CHRONICLE in English No 1571, Dec/Jan 83 p 6]

CSO: 3298/421

PRESIDENT PRESENTS STATE OF UNION SPEECH

Santo Domingo LISTIN DIARIO in Spanish 28 Feb 83 pp 6A-8A, 15A

[Text of the speech delivered on 27 February 1983 by President Salvador Jorge Blanco to the National Assembly]

[Text] As the First Regular Legislative Session of the year opens today, I solemnly fulfill my constitutional duty to submit to this Honorable Assembly the traditional message assessing the government's performance last year, accompanied by the reports of the various state secretariats and decentralized agencies.

Our constitution obliges me to report today on what happened throughout 1982, even though our administration was in office for only the last months of the year. Nevertheless, in this analysis we will maintain the objectivity that the moment requires.

The year 1982 was a difficult one for the Dominican Republic. The election process, the test to which we voluntarily subject our democracy every 4 years, coincided with a sharp worsening of our economic situation. This flammable mixture, this dangerous combination could have had sad consequences. The sudden and tragic death of the nation's chief executive during the transition period, along with the severe 24 percent worsening of our terms of trade, would have caused perhaps irreparable damage in another country to the kind of institutions that we Dominicans have developed with our blood, sacrifice and understanding.

The Dominican people once again emerged triumphant from this grave situation. Our country showed the rest of the world that it is prepared to maintain and preserve our increasingly strong democracy, the biggest in the turbulent Caribbean Sea.

There was really only one big winner in 1982: the Dominican people, and one great victor: the moral strength of a new generation charting the nation's destiny.

The prices of our exports dropped dramatically in 1982 from their 1981 levels, which had very serious repercussions throughout our economy. On the whole, they fell 35 percent, just as we had predicted in our

speech of 16 August. The export price of sugar, for example, fell 45 percent; tobacco, 66 percent; gold, 21 percent; bauxite, 67 percent, and ferronickel, 78 percent. In addition to the adverse effects of lower export earnings, international interest rates and oil prices remained high in 1982, and since oil accounted for 37 percent of our total import bill in 1982, our shortage of foreign exchange was more severe than ever.

These external constraints, coinciding with a drop in our mining output, in our construction industry and in our power generation and along with the low growth in agriculture and sugar production, caused our gross domestic product, in real terms, to grow more slowly than our population, just 1.5 percent, compared to 3.5 percent in 1981. The poor performance of the Dominican economy must not be viewed in isolation, however, but within the context of the grave international economic crisis. The gross domestic product of the United States, for example, shrunk by almost two percent, and almost all of the island economies of the Caribbean and all Central American economies remained mired in a painful economic recession.

Fortunately for our country, a high level of food production, combined with moderate monetary and wage policies, particularly under the austerity program begun in August, enabled the Dominican Republic to have the lowest rate of inflation in Latin America last year, just 7.4 percent.

The money supply expanded at an average of 10 percent, much faster than 1981's rate of less than 1 percent. Loans to the private sector grew by 8 percent, and the sector's current deposits expanded by 12 percent, including savings and time deposits, which posted a vigorous 19 percent rise.

The combination of low export prices, smaller volumes of mineral goods exports, the high cost of imports, the smaller amounts of foreign aid and private foreign investment and the payments on our foreign debt brought on a sizable balance of payments deficit totaling 141 million pesos.

External constraints and sluggish domestic activity also adversely affected the revenues of the Treasury, which in 1982 fell a chilling 22 percent from the previous year. In the face of a 3 percent rise in current expenditures, this forced the central government to resort to 183 million pesos in domestic borrowing. In breaking down government spending, we should keep in mind that in view of the drop in revenues, investment outlays, which are one of the main engines of our growth, fell by 35 percent, in other words, by more than a third.

The drop in world sugar prices meant that for the 1981-1982 harvest, which concluded during the month that we took office, the State Sugar Council posted the sizable loss of 70 million pesos, and its production costs wound up at the extraordinary high level of somewhat more than 20 cents a pound.

The government had to make up the difference between these high costs and the low sales prices. The Dominican Electricity Corporation's current expenditures were about 15 million pesos higher than its revenues, and this deficit, plus some of its investment outlays, also had to be covered by the Dominican Government. In addition, the companies belonging to the Dominican Corporation of State Enterprises posted 1982 losses of 8 million pesos. In all, as we had anticipated in our 16 August speech, the public sector had to resort to domestic borrowing of some 330 million pesos.

Continuing the initiative taken by Jacobo Majluta during his interim presidency and keeping the ruling Dominican Revolutionary Party duly informed, in October we negotiated a 3-year agreement, under the so-called expanded facility, with the International Monetary Fund, which approved it in January, with the first partial disbursements coming in that same month.

Every last detail about the terms of the negotiation was made public within 24 hours of the agreement, absolutely all documentation on which was published in the press. Almost all Latin American countries, including several oil exporters, have negotiated or are negotiating similar agreements, given the widespread worsening of balances of payments in the region.

The most important aspect of the negotiations was that the IMF and the government agreed that the problem of the public sector deficit (the central government and the autonomous agencies) had to be constructively resolved by means of the taxes proposed by the government on 16 August, not by cutting government spending. We will thus avoid the costly social consequences that other countries have had to pay as a result of such negotiations.

The first disbursements from the IMF have already been used to pay off long overdue debts, thus initiating the restoration of the country's credit-worthiness overseas.

One of the main advantages of this agreement is that it is practically a prerequisite for arranging a deferment on repaying part of the country's debts to foreign commercial banks, as demonstrated by the recent cases of Mexico, Costa Rica, Honduras, Bolivia, Argentina, Uruguay, Chile, Jamaica, Ecuador and Brazil. It was announced in December that the country had begun these negotiations, which we hope will conclude successfully this coming March, at which time we will inform the citizenry fully before implementing their terms.

The enhanced efficiency of government as of 16 August can be clearly seen in the following examples: State Sugar Mills, the Central Bank, the Dominican Corporation of State Enterprises (CORDE) and the Dominican Electricity Corporation (CDE).

In the case of the State Sugar Council, the estimated borrowing needs to prepare for and start up the current harvest totaled 144 million

pesos, whereas only some 76 million pesos were actually obtained. Nevertheless, a rigorous emphasis on efficiency enabled the mills to prepare for the start of the harvest in an average of 20 days and by 31 December to have ground 1,019,395 tons of cane, compared to 385,236 during the previous harvest. These milling levels correspond to an output of 96,616 tons of raw sugar this harvest and 30,949 tons the previous one. We also posted increases of 10,882 tons of refined sugar and 5,592 tons of processed sugar [azucar afinado].

We should emphasize that these high output levels were accompanied by a significant improvement in yield per mill, which means that the same amount of cane has yielded larger amounts of sugar. In addition, moving up the starting dates for the harvest will also mean that the traditional rainy season, from May to June 1983, will not have such an adverse impact on the agricultural and manufacturing output of the mills, as has customarily been the case. As a result of this greater efficiency the State Sugar Council expects a 3-cent a pound cut in its sugar production costs.

These developments take on even greater significance at a time when for social reasons we have been careful to pursue a personnel policy to cope with the well-known problem of unemployment plaguing the country and have, furthermore, decided to undertake a wideranging socioeconomic program for a much-needed humanization of the sugar mills. This is one of the goals of the Government of National Concentration's program. To this end, we have taken the following steps: installed stands in cane-growing areas to sell basic goods at controlled prices, in coordination with the Price Stabilization Institute; pursued activities in conjunction with the State Secretariat of Sports; promoted a program for the growing and cut-rate sale of short-cycle farm products, aimed at raising the nutritional level of the cane-growing communities, and taken action to improve sanitation conditions in the sugar mills.

With regard to the Central Bank, innovative policies were worked out to stimulate both traditional and nontraditional exports and to pay higher rates of interest to Dominican savers so as to discourage capital flight. At the same time, with the resources of the IMF we began to reestablish the country's external credit line, which had been totally exhausted as of 16 August, and efforts were begun to defer payments on part of our foreign debt to commercial banks. Whereas the premium on the parallel market rose from 30 percent to 50 percent, in other words, 20 points, from 1 January 1982 to 15 August 1982, it has remained unchanged from then, the day before we took office, until yesterday. Statistics show that this was the only 6-month period in recent years in which the premium failed to rise.

The companies belonging to the Dominican Corporation of State Enterprises lost a total of 8 million pesos from January to August of last year. From September to December, however, they did not post losses, and we hope that, taken together, they will show a profit in 1983 through a rise in earnings in some and a decrease in losses in others while still others switch from loss to profit.

Over the last 4 months of the year the Dominican Electricity Corporation boosted receipts on its electricity sales, increased its administrative and technical efficiency, established an austerity program for spending and emphasized the development of new energy sources to lessen our dependence on imported oil. Bill collection receipts were up an average of 20.6 percent over the last 4 months of the year compared to the first 8, without an increase in electric rates, largely because the government did a better job of paying its own electricity bills. The improvement in administrative and technical efficiency was evidenced by the startup in November of the Puerto Plata thermoelectric plant, which had been contracted for in 1977, by the repair and startup of one unit in Haina and another in Tavera and by the conclusion of the revamping work on the floodgates at the Valdesia Dam and the La Baria equalizing reservoir. All this has enabled the corporation to cut the use of the costly gas turbines from 10 percent of the average annual 1982 kilowatt-hours sent through the power lines to just 4.5 percent in December.

With regard to administrative efficiency, we should point out that over the first 8 months of last year the enterprise's average monthly losses totaled 1.57 million pesos and that they dropped during the last 4 months to just 570,000 pesos, in other words, by a million pesos a month. In order to continue lessening our dependence on energy imports, we concluded the project to relocate the families displaced by the filling of the large Bao Reservoir; started work on the Lopez Angostura hydroelectric project and made the final arrangements to secure financing for the Rio Blanco and Manabao Bejucal hydroelectric projects. Studies were begun on the El Torito Piedra de Los Vaganos complex in the Upper Yuma, and studies continued on 14 hydroelectric projects in the Upper San Juan River, Mijo, Yaque del Sur, Del Medio and Las Cuevas; San Rafael and Majagual in the Batoruco Mountains and Sanador and Jamao in the northern range. In short, there are 45 hydroelectric power projects under study, on the drawing board, being bid on or under construction, and their output capacity is equal to 100 percent of all the power that the Dominican Electricity Corporation generates today with imported fuel. In other words, by using our own rivers, these projects will generate as much electricity as we produce today with imported oil.

Since 16 August we have pursued a clear-cut, consistent fiscal policy that calls for strict compliance with tax laws, without arbitrary or high-pressure tactics but, at the same time, with total adherence to administrative ethics. As a result, for the first time in many years smuggling has been cut to a minimum, which has greatly benefited the overwhelming majority of our industrialists and our honest importers. Even though we must acknowledge that this new policy at times gave rise to protests and complaints stemming from a natural resistance to change, the harmonious relations that prevail today between the import sector and the General Customs Bureau are evidence that the policy has been widely accepted. In pursuit of this policy vigorous action had to be taken to prevent the law from being circumvented, including tough court action against those who have committed infractions.

For the first time in the history of the country we are publishing detailed data on all smuggling, and those involved in it are being brought before the courts. This is our responsibility. Henceforth it is the judicial system, in the person of the judges chosen by the Senate, that will hear the cases and hand down rulings commensurate with the gravity of the acts and the integrity that the entire society demands, without the perpetrators becoming victims nor the victims perpetrators.

The General Directorate of Internal Revenue has also taken positive steps to enhance its management and its efficiency in collecting taxes, and over the last 6 months revenues have increased from license plates, tolls, licenses, patents and gambling. Our efficiently run National Lottery today enjoys a reputation of honesty that is unprecedented in its history, as it pursues social aid and welfare programs for the underprivileged. We have begun a complete reorganization of the Department of Fiscal Information, which includes the National Register of Taxpayers, which is storing all data on individuals and corporations in computer memory.

Our government spending policy aims at reining in current outlays and has succeeded in rechanneling funds into reinvestment, except in a few cases such as the Christmas bonus and the Emergency Program to aid the unemployed, which put more than 50,000 Dominicans to work during the Christmas season. It was this policy that enabled the Secretariat of State for Public Works to recommence work on 314 projects that were at a standstill, the National Institute of Water Resources to rebuild or start work on canals and waterworks and the National Housing Institute to begin building 25,000 housing units throughout the country, without jeopardizing efforts in the fields of education and health care.

During the 4½ months of our administration in 1982, not only friendly governments but international organizations as well have lent us valuable financial assistance, under a praiseworthy, vigilantly pursued policy of the Technical Secretariat of the Presidency, in conjunction with the efforts and experience of the current Directorate of the Budget, which is growing in the midst of a tight economic situation. We need only cite the \$41 million loan from the U.S. Government and the \$150 million loan from the Inter-American Development Bank for the Madrigal Dam, which will provide the metropolitan area of Santo Domingo with water beyond the year 2000. This is the largest and most ambitious project that any administration has ever undertaken in the Dominican Republic. We can also mention the \$36.5 million loan from the IDB for the Farm Loan Bank [Banco Agrícola]. This administration has also obtained a loan of around \$35 million from the Japanese Government for the development of Nagua Province (AGLIPOL).

Furthermore, we announced to the nation that with the negotiations at an initial stage we hope to soon sign a loan agreement with the IDB to establish credit programs for small businessmen in towns in the interior, thus helping to prevent further emigration to the capital.

or to other cities by providing small towns with alternative job opportunities in shops, handicrafts and small-scale agroindustries through soft loans.

When I took power, I found that the country had contracted for a large number of international loans that could not be paid out to us either because we were behind in the repayment of existing debts to these international organizations and foreign governments or due to the lack of local contributions to complement these loans, contributions known as matching funds. Today we are practically on schedule with our debt payments, and the matching funds are being funneled in much more smoothly than in the past. Thus, we now expect to disburse the international aid much more promptly than under previous administrations.

The Secretariat of Industry and Commerce is breaking with the concept that it is a static, bureaucratic agency. Its effective involvement in promoting foreign investment and in opening up new foreign trade zones and industrial parks points to the development of certain spots in the country that had been neglected, as new job opportunities will spring up there.

Tourism is returning to the Dominican Republic. Our country's presence at international meetings has been heightened. New air and shipping lines are opening up. Concurrently, the Hotel Corporation and the Advisory Planning Office of the Presidency have begun remodeling hotels in the interior of the country. Furthermore, the hotels that became part of our national patrimony through quick, effective action have been cleaned up and refurbished and will soon open to serve the public and the tourists who come here to enjoy the beauty of our countryside and cities amid the safety of our stable democracy.

The housing programs that the government has undertaken through the National Housing Institute, the National Institute of Aid and Housing and the National Housing Bank, are dazzling even to those who wanted to blindfold themselves to these efforts. The housing programs are providing work for thousands and thousands of the previously unemployed, putting millions and millions of pesos into circulation and giving new vigor to the construction industry and trade, which were living in memories of their thriving days many years ago.

The Dominican Social Security Institute started working towards its recovery on 16 August 1982. It is grappling with an overblown budget that is hampering its efforts to set its finances straight, but it has made progress in collecting revenue and in providing services and compensation.

As a result of the Agriculture Secretariat's efforts in planting 200,000 tareas [1 tarea=6.28 ares] of marginal rice and in moving forward the planting of 80,000 tareas in the November-December 1982 period, the country will have sufficient rice supplies until June, and demand for the remainder of the year will be met by the planting of 900,000 tareas

from January to April of this year. The repayment of 25 million pesos in back debts to the mill owners was a major incentive to achieve self-sufficiency, and therefore this year we will not have to import rice. This shows that the country's production forces, growers and farm workers responded affirmatively to the appeals I made in my 16 August address.

The increased farm output has also applied to other fruits and grains being offered on our markets, and 12 major plant production centers have been established: in Sabana Perdida, Ocoa, Santiago, La Vega, Mao, Dajabon, Barahona, Higüey, Villa Altagracia, Gaspar Hernandez and Cotui.

In spite of an unjust strike that lasted more than a month, the Dominican Agrarian Institute bolstered farm production by incorporating into the Agrarian Reform 81,859 new tareas for settlement by 1,556 peasant farmer families with a total of 9,000 persons. Moreover, in 1982 5.2 million pesos were spent to build infrastructure projects, mainly roads and channels of communication, irrigation and drainage ditches, power grids, drinking water and administrative offices. We have personally visited the La Cruz de Manzanillo and ISURA farm projects, which are seeking solutions in the field to serious problems ranging from the lack of coordination and standardization in farm work, with the resultant dispersion of resources, to the difficulties stemming from the rechanneling of waters. We are making progress in overcoming these situations. Furthermore, the farm hands and farmers who have received small and medium-sized plots and who have helped us so much must realize that the government cannot engage in giveaways and that far from being a burden to the government they must become dynamic centers of productivity and production, with their owners assured of fair prices for their goods on our markets.

The farm sector must be overhauled and unified, based on a new concept of the National Council of Agriculture, to which end we will in the days to come submit a bill to the National Congress, aside from the executive measures that we plan to issue to facilitate the task. In this regard we have held several meetings with the National Council of Agriculture. Moreover, the creation of the National Council of Livestock Production, by means of Decree 351 of 16 October 1982, had the unification of the sector as its goal.

The recent formation of the Boards of Directors of the National Cotton Institute and of the Institute for the Development of Cooperative Credit will make possible an in-depth reassessment of these institutions and their ties with the farm sector.

Sorghum is a new product that should help major regions of the country suffering from poverty and poor soil. Thus, the intensification of sorghum growing on the lands of the National Cotton Institute creates promising new prospects for the marketing and processing of this oilseed. In general, however, we are starting to review and reassess these and other autonomous government institutions, which cannot continue to be parasites to the national budget and which must therefore be revamped.

The hog repopulation program was placed under our direct supervision to achieve the planned objectives as soon as possible. As of 16 August we began distributing 3,105 hogs to 195 associations and 155 small producers. More than one group has benefited for each day our administration has been in office. All of this has been made possible through a government contribution of 350,000 pesos, through the recovery of 897 hogs and the 300,000 peso loan granted by the Development Association in Santiago, an example of cooperation between the private and public sectors in an important area for the Dominican people. The program has provided training for more than 743 producers and technical assistance to our sister republic of Haiti. The additional purchase of 3,556 hogs, along with the 1,320 breeder hogs that are being kept in quarantine and the efforts under way to acquire 10,000 more hogs soon, enable us to predict that by December of this year we will no longer need to import hogs, except pure-bred male hogs to prevent inbreeding. By December 1984 we will be self-sufficient in pork. We are not including here the exemptions that we grant every day to the private sector for the imports of hogs that help boost reproduction and that enable us to make the above predictions, imports that are always subject to the strictest standards of hygiene and sanitation.

Our peasant farmers are thus turning out more products of higher quality than ever before.

The Water Resources Institute bravely undertook to repair the Yaque del Norte canal. Just as despair began to spread throughout the area, water began running again through the parched canals. At the same time, the Los Ranchitos Hydroelectric Plant in Ocoa was completed thanks to the hard work of Dominican manpower.

We inherited a Price Stabilization Institute that was alarmingly short of cash and working capital and that suffered from administrative disarray and a lack of credibility. We need only note that from January to July 1982 the Price Stabilization Institute's losses totaled 10.7 million. From August to December, however, the losses dropped to 1.3 million. Its total current spending has been cut by 1.4 million pesos. One of the current administration's accomplishments has been the reorganization and consolidation of the Low-Cost Sales Program, which now extends to the entire border area from Pedernales to Monte Cristi. During this period the program has benefited around 34,000 families of some 100,000 individuals, who have bought at 80 fixed sites 7,943,709 pounds of the main items that needy families can afford. The policy of avoiding rice imports also has the support of the Price Stabilization Institute.

Furthermore, the marketing of rice has now been freed from the quota system, which will no doubt prompt even higher output, because the Price Stabilization Institute is paying the millers on time, and they in turn are paying the Agricultural Bank of the Dominican Republic that it can lend to the harvesters on time. This synchronization of action reflects a consistent, orderly policy.

The Secretariat of the Presidency has begun keeping a permanent eye on bureaucratic departments to facilitate the work of public servants by reconditioning areas that were totally abandoned or by opening to the public sites where lethargy had taken hold at the expense of the dynamism that ought to characterize the departments of government.

The General Directorate of Information and Public Relations of the Presidency has performed a noble function in this overhaul process. Sizable savings have been achieved that the various publicity media have placed in the category of savings in government. Moreover, we make use of publicity to report on the main areas of government accomplishments so that the people will understand that they are the beneficiaries of government action.

The Government of National Concentration has placed publicity, information and public relations tools in service to the economic, educational, cultural and health care betterment of the Dominican people.

We should highlight the Administrative Secretariat of the Presidency's Department of Social Promotion, which provides efficient aid nationwide in the form of clothing, medical care and food to the country's most underprivileged areas. During our time in office the Planning Advisory Office of the Executive Branch has paid out to project contractors the sum of 19,836,480.90. Our philosophy has been that even with the shortage of funds, the projects begun by previous administrations ought to be completed, even though many of them were the result of political whims, complacency or poor planning.

The Judicial Advisory Office of the Executive Branch has performed extraordinarily. The National Palace is up to date today in its judicial work, which has never happened before; in fact, it has begun publishing all of the country's laws from the time of the republic's independence that we are commemorating today, and the traditional Official Gazette, which used to be published far behind schedule, is completely up to date. Commissions are working separately on each code to give the country official versions of them.

The dynamism and drive of the Government of National Concentration are extraordinarily evident in the Secretariat of Public Works and Communications.

Over 300 projects involving highways, local roads, ports, bridges and public buildings which had come to a halt long before 16 August 1981 were resumed by this secretariat. As of today, 148 of these projects have been completed and have gone on line. Thus, infrastructure projects costing 2.7 million pesos, which were begun by previous administrations, have been completed by us and made available to our citizens.

We were able to do all this even though when we took office we found various projects that the Secretariat of Public Works and Communication

was undertaking with international cooperation but could not provide matching funds for.

Nonetheless, for the first time in its history the Public Works Secretariat today has the matching funds it needs to execute all its programs that involve international financial aid.

The projects that are under construction today are valued at around 300 million pesos, and all of them are in full swing.

Today, 1,010 kilometers of highways are being improved and repaired, more than 20 percent of the nation's 5,000 kilometers. In addition, the finest engineering work is under way to rebuild 1,150 kilometers of local roads. We should also point out that more than 2,500 kilometers of local roads were overhauled during the first 6 months of the administration in coffee and rice growing areas so that those transporting these items could make use of them.

This year work will begin on refurbishing and expanding the Duarte Highway under a new plan proposed by this administration to achieve enough savings to repave a considerable stretch of the highway in addition to accomplishing the original goal of providing 4 lanes from kilometer 0 to kilometer 28. Also, we will have special lanes for slow-moving vehicles in areas in which the steep, lengthy gradients make the roadway less serviceable. In addition, the Secretariat of Public Works is completing a project that will help improve traffic entering and leaving the city of Santo Domingo; I am talking about the extension of 27 de Febrero Avenue with an underpass to be built at its intersection with the Duarte Highway.

Another project that will have a major impact on urban traffic will be the construction of the underpass crossing between 27 de Febrero Avenue and Abraham Lincoln Avenue, which is scheduled for this year.

Moreover, construction work will begin in the next few weeks on the highway from Cruce de Azua to San Juan de la Maguana; it will cost about 18 million pesos, and its first section was opened up to public bids recently.

Other major projects that the government will begin this year through the Public Works Secretariat are: the "Monte Cristi-Dajabon," "Dajabon-Cruce de Cabrera," "La Vega-Jarabacoa," "Piedra Blanca-Rancho Arriba-Cruce" highways and the direct access highway from San Juan de la Maguana to the city of Barahona.

One of this secretariat's outstanding accomplishments has been the overhauling and maintenance in service of more than 80 percent of the 1,200 pieces of equipment and vehicles for the upkeep of the highways and local roads that it is in charge of; this contrasts with the situation on 16 August 1982, when more than half of them were out of service.

At the same time, this secretariat has exerted enormous efforts to relieve itself of sizable commercial liabilities, which totaled more than 8 million pesos when I took office as president by the will of the people. The secretariat has managed to reopen its lines of credit and demonstrate its moral solvency to its various suppliers.

The Secretariat of Public Works and Communications has scored achievements in more than just the material sphere. It has set for itself and accomplished the goal of creating a climate in which honesty and evenhandedness prevail in the assignment of government projects and tasks, as well as the ongoing encouragement of the institution's human and professional betterment.

The Government of National Concentration, aware that education is the most effective tool to promote the nation's development, regards the quantitative and qualitative improvement of our educational system as a national priority. In keeping with this philosophy, the education sector has been assigned the second largest allocation among public institutions in the 1983 Public Spending Law.

As staunch believers in and impassioned defenders of democracy, we plan to make the benefits of culture more accessible to Dominicans.

Hence, with the rallying cry "May every Dominican learn to read and write," we have set in motion an ambitious yet realistic plan aimed at teaching 400,000 Dominicans how to read and write over the next 2 years, so that by 1984 they can read, write and understand, with sacred patriotic emotion, the words "God, fatherland and liberty," along with other basic teaching texts.

In just 6 months in office we have organized, with the generous support of more than 20 national institutions, the gigantic operation required to achieve this goal. We have printed up 100,000 reading primers, trained 15,000 literacy teachers and galvanized a powerful and enthusiastic movement around the Special Citizen Education Program.

Tomorrow, 28 February, this program begins in 14 of the country's provinces. I ask all Dominicans of good will to join in this great effort by our government, which puts to the test the well-known capacity of Dominicans to resolve their problems with their strength of will, their faith and their intelligence.

Illiteracy, which has so many unhappy Dominicans mired in the culture of silence, must be fought on two flanks: with an adult literacy campaign like the one we are conducting through the Special Citizen Education Campaign, and by expanding primary school coverage so that today's children do not become tomorrow's illiterate adults.

As part of this effort to expand our school coverage, from September to December we gave the Education Secretariat a special subsidy to purchase in the Dominican Republic 15,000 school desks, and they have already been distributed around the country.

This year we will also begin distributing milk at schools in five provinces in the parched but heroic southern part of our country. This 1-million peso program will provide a minimum dietary supplement to the children who need it so badly.

But Dominican education requires not only the indispensable material infrastructure but in-depth technical reforms as well, so that our system of education can better fulfill its function of developing the skilled human resources that the nation needs.

I am thus pleased to announce formally that in the coming days a decree will be issued creating the Organic Law of Education Review Committee to update our obsolete legislation in this field.

When this new organic law is submitted to Congress, the Government of National Concentration will have satisfied one of the most cherished warnings of the educational community, which for years now has been calling for the modernization of school legislation.

The Secretariat of Public Health and Social Welfare is creating the necessary conditions to enhance the functioning of its extensive network of services. It has begun an intensive program to revamp the government's hospitals and to modernize an administrative system under which the rendering of services used to grind to a halt.

We have secured the resolute involvement of professional groups, volunteer service organizations, the private sector and the people themselves in the search for solutions to our main health care problems.

Through government-private sector cooperation the first steps have been taken now to deal a major blow to diseases such as malaria, tuberculosis and polio, which strike our most helpless citizens. It is with great appreciation that the government has received valuable health care assistance from sister nations, international organizations and world renowned figures such as the illustrious American scientist Dr Albert Sabin.

We are also working hard on setting up a modern radio communications system to link the entire far-flung network of rural clinics, hospitals and ambulances to cope with medical emergencies even in the most remote areas of the country. Finally, we have begun a program to purchase generic medicines to eliminate shortages in our hospitals and in rural areas.

During the 6-month period that we are analyzing the State Secretariat of Sports, Physical Education and Recreation has seen its institutional framework strengthened.

The Secretariat of Sports, Physical Education and Recreation has been able to successfully carry out the various programs entrusted to it for the adjusted 1982 budget by reorganizing its services in accordance

with the established priorities and by introducing the necessary changes both in management personnel, procedures and organizational structure.

We should emphasize that during this period the State Secretariat of Sports, Physical Education and Recreation concluded many mutual cooperation agreements with various central government and decentralized agencies to lay the groundwork for a consistent policy and to take better advantage of the available resources for athletics and recreation.

Some examples are the pacts signed with the State Sugar Council to benefit cane workers; with the National Lottery to benefit high-performance athletes and to set up athletic fields in the border area and in underprivileged neighborhoods; with the Dominican Agrarian Institute to build modest sports facilities under peasant farmer settlement programs; with the State Secretariat of Tourism for the overseas promotion of sports events and exchanges held here; with the Community Development Office, the National Office of Ground Transport, the Dominican Corporation of State Enterprises and other government institutions.

On the international level, the State Secretariat of Sports, Physical Education and Recreation has signed major agreements with friendly governments and has begun, with the help of other government agencies, a study on a UNESCO-sponsored master plan to take stock of available green areas and to meet recreational and sports facilities needs here at home.

The second stage of this project calls for external aid to implement the recommendations of the study.

Moreover and in spite of its financial limitations, the Sports Secretariat sponsored and provided technical and financial support for many international, regional and municipal tournaments, while not failing to meet the major commitments made by sports federations, associations and leagues overseas.

Relations between the State Secretariat of Sports, Physical Education and Recreation and the Dominican Olympic Committee as well as the Organizing Committee of the 15th Central American and Caribbean Games have been harmonious as was to be expected between organizations that pursue common objectives and that achieved the necessary maturity and understanding to carry on fruitful work for the benefit of our youth.

Thanks to this close-knit cooperation, the work scheduled to stage the National Games in San Pedro de Macoris this coming December has begun and is moving forward steadily.

The only comment that I would like to make in this regard is that the Government of National Concentration attaches great importance to top-class athletes and is determined to provide them with all the attention and assistance they need to develop further, as stated in Decree No. 43 issued on 20 August 1982.

These sound efforts have been widely crowned with success, because in one way or another fortune has smiled on us, as we have seen our finest, most representative athletes rise to the top and achieve places of honor and glory both for themselves and for their country.

Young people in the Dominican Republic, who are increasingly active in national politics, can count on the Sports Secretariat and our recognition of their great importance in national life, as their permanent allies in channeling youthful enthusiasm along democratic, peaceful paths.

Human rights in our country are closely linked with the celebration of 27 February, the day of national independence and the birth of the republic. No other date in history has such a profound and special meaning for Dominicans as worthy, free and secure men, as a people for whom the branches of government represent the law and democracy.

The ideals that inspired the independence struggle and that were enshrined in the constitution of an independent nation called the Dominican Republic called for a new civic, political and social order based on a national identity, the will of the people and the rights of man, so that Dominicans could live free from oppression, injustice and poverty.

When the republican government was established, the powers were separated, civilian government made supreme, racial equality established, and the private property and prerogatives of man in every sphere of existence guaranteed. The founding fathers would be proud today that their aims have been achieved and they would feel vindicated upon seeing that in their country, in our country not a single Dominican has been exiled or arrested for political reasons and that human dignity is respected under all circumstances.

Respect for human rights was a guiding principle of the fathers of independence. Today, 27 February 1983, it is a guiding principle of the Government of National Concentration and its branches in exercising authority. Every day, the media and domestic and world public opinion voice their recognition of the system of law and guarantees that prevails in the Dominican Republic, a recognition that has gone beyond our borders and that has made our country an example and model for the world.

For the first time in our history the grievances of Dominican women are being heeded through the General Directorate for the Promotion of Women, which we created by decree, and through the UN Institute for the Promotion and Development of Women, which was set up here in Santo Domingo. Our country thus enjoys a privileged status, because it is the third in the Americas with the headquarters of a UN agency. The underprivileged women of Oceania, Asia, Africa and the Americas are turning their eyes in our direction so that we will light the path of redemption for women, before whom the Government of National Concentration reverently bows.

The Interior Secretariat's weekly meetings with the provincial governors have enabled us to gain an ongoing familiarity with the problems of communities and to find solutions for the most pressing of them within our budgetary constraints. Furthermore, between 16 August and December of last year the administration granted a special subsidy of more than a million pesos, efficiently supervised by the comptroller and auditor general of the republic, to all city governments and municipal districts regardless of their political affiliation.

The tireless drive of the National District's representative, Dr Jose Francisco Pena Gomez, is now furthered by ongoing budget support from our administration. For the first time in the history of Dominican democracy, the president of the republic and the representative of the National District are fully aware of what political and economic action they must take to insure good government for the nation's capital. In other words, they are not and will not be in competition. Each is quite aware of his own responsibilities.

Now that we are talking about the communities, we should underscore the efforts of the Community Development Office and the National Institute of Drinking Water and Sewerage, because these two agencies have been promoting a new awareness in the communities that they must help to meet their own needs and not wait for manna from heaven.

The Technical Commission for the Development of the Border Region has also made its contributions in that poverty-stricken zone.

The hallmark of the Judiciary's activity in the past year and especially since we took office, was its firm resolve to restructure the Public Ministry nationwide to eradicate corruption. Individuals of recognized competence and moral solvency have been appointed to put forth their efforts and dedication towards a much-needed rehabilitation of the strongly criticized Dominican justice system. The Public Ministry is just one face of justice, however. The other face is the judges who bear the lofty responsibility of deciding guilt or innocence. This is such an important task that in antiquity it was often likened to a mission from the gods and in the modern era it has been called an attribute of God himself.

The Senate of the Republic selects judges. Its choices for our Supreme Court have included some of our finest magistrates. It was as if in these cases the Senate had been enlightened by God himself. It should have been likewise for the other courts.

Shortcomings, including ununiform sentencing, can be combated only by serious and responsible public opinion, so that the guilty do not escape the just but also so that the just are not regarded as the guilty. It stands to reason that the actions of an independent Public Ministry should also reach into what used to be sanctuaries, in a bid to recover government assets. We have established the policy that the government's patrimony must be safeguarded, preserved and expanded with the same zeal with which private property is defended.

starting on 16 August, I sent the National Congress a series of bills in the economic, social and institutional spheres.

The taxes on capital gains and property and the limitations on reinvestment profits and income tax deductions were not taken up during the past session of the legislature. Nor was the bill to democratize the industrial incentives law, promote dollar savings in our country by nonresident Dominicans and alter the treatment of foreign investment.

The following bills were also not taken up or processed sluggishly: the amendments to our constitution; safeguards for our national patrimony; additional pardons; the prison system; city hall autonomy; changes in the National Development Council; changes in the Court of Appeals in the National District; the divorce regulations; changes in the Labor Code and impediments to leaving the country. In short, during the current legislature we submitted 33 bills, only 11 of which were considered and passed by Congress, while 22 remained pending. The lower house initiated and passed six bills into law, two of which concerned pensions and the others, historic matters. The Senate initiated and passed 12 bills into law, 10 of which dealt with pensions and the other 2 the creation of a municipal district and the name of a school in Monte Cristi Province. The numbers show that Congress has to increase its legislative workload.

Nothing would be of greater help in finding solutions to our problems, solutions that must be developed and implemented within our democratic framework, than consistent, streamlined, efficient and, therefore, fruitful interaction between the legislative and executive branches. In any organized society are the main engines of creative government, which is legitimized by the ethics of the judicial branch.

It is a fitting opportunity to remind the National Assembly of the promises that I made as president-elect at the opening session of the year that the Universidad Catolica Madre y Maestra organized for the legislators whom the people voted in at the elections last 16 May.

As the government, the chief of state requires the ongoing consultation and assistance of those who are empowered, among other things, to draft basic procedural standards for the implementation of public policies, without which certain government plans and actions would not be feasible.

I will thus make every effort to see to it that relations between the Administration and Congress during the upcoming term of office be exemplary and a milestone in the country's institutional life.

I will insist that we will always march together along the path of the just mean, equidistant from undesirable blind obedience, as in the past, and from systematic, paralyzing, sterile antagonism.

I reiterate these assertions, now backed by experience.

Nothing pleases me more than the repeated recognition that has been accorded both here and abroad to the democracy that prevails in the republic and whose consolidation has gained renewed, vigorous momentum as of 16 August of last year.

Dominican democracy rests not only on strong, resolute government action. It also owes much to the political circles that lend the government the cooperation that is indispensable in any pluralist, democratic system. I am talking about the parties that play a constructive opposition role.

This constructive opposition, which will always have my consent and encouragement because as a leader I have no reservations about my democratic beliefs, is highlighted by the political efforts of Dr Joaquin Balaguer, as I have always acknowledged.

It is regrettable that other significant forces have not emerged across the national political spectrum, because in that case the opposition could play an even more fruitful role in strengthening the Dominican Republic's democratic institutions.

But democracy as an expression of modern society is not just the work of party organizations. We should therefore stress the dynamic role that numerous groups are playing in bolstering the system of government that our people have freely voted for themselves. I am talking about, among many other sectors, the nation's press, an unprecedented example of vigor and pluralism; labor organizations, which in compliance with the law and with respect for the climate of peace and freedom in which we live, put forward and defend the legitimate rights of the working class; and the nation's businessmen, all of whom are convinced that their mission is to join with the public sector in solving the nation's problems, thus relegating futile confrontation and antagonism to the past.

As for the members of the Dominican Revolutionary Party I would point out that if I do not touch in this speech on issues involving relations between the administration and the party as part of the democratic institutionalization process, it is because I firmly believe that they do not belong on this solemn occasion of rendering accounts to the people.

On this day of national independence, when we are called upon to review what happened in 1982, I cannot fail to address a few words expressly to the private sector involved in the various lines of production in our nation. Relations between the Government of National Concentration and the business sector are grounded on and marked by harmony and mutual confidence in the conviction that the Government that the people have chosen within business will grow increasingly strong, while the business sector will continue to develop and prosper. Since the Government will continue to work for the growth of the business sector, the business sector will continue to work for the growth of the Government.

and sincerity with which it has tackled them so far. In the spirit of frankness that has always characterized my actions in public and private life, I would like to refer to several paragraphs in the speech I delivered last November, 84 days after taking office as president of the republic. On that occasion I told the private sector that it need not worry, because the measures that might affect it were public knowledge and that there would be no additional surprises in this regard. Nevertheless, after that speech I came to see that the economic belt-tightening measures that I had put forth publicly at the time required certain complementary steps that I had not disclosed then because I thought that they would not have to be implemented to straighten out the nation's economy. However, much to my regret, I came to the conclusion that these additional mechanisms would have to be applied to reduce budget and balance of payments deficits and to harness more funds for productive investments.

In my inaugural address on 16 August that the era of pleasant measures was over. Today, just 6½ months later, I am stating that the economic realignment measures that I have so far made public will be more than enough to carry forward the period of economic recovery in which we are immersed. Thus, speaking plainly, I can state that we are now entering a period of applying investment and production incentives to the private sector. We are engaged in harvesting the fruits of disciplinary measures that are in effect and in further stimulating production and productivity in both the private and public sector.

The country's organized public workers did not go easy on this administration as soon as it had taken office they initiated a series of strikes, stoppages and rallies demanding salaries, wages, per diem allowances, pensions and bonuses that belonged to previous administrations. Regarding the economic plans that the government had set in straight after taking office. Paradoxically, they were violently threateningly demanding that we fulfill obligations that had lapsed on 16 August. We met all of the obligations that had been mounting in agriculture, the construction of irrigation ditches, farm settlements, public works, education and other government agencies. Today, respecting freedom, we have faithfully met all obligations. We would remind publicly those leaders who hold more of a political than a union interest that union freedom and the other benefits accompanying it as a result of the climate of respect and peace throughout the republic, are everywhere. In this regard, before launching a strike or stoppage, certain labor leaders must comply with the requirements set forth in labor laws so that they can demand that labor relations and collective bargaining agreements be fulfilled and honored.

For all reasons this also applies to an employer, whether he be the State or any other individual or corporation. Observance of the law is a tool for preserving a civilized nation. We must acknowledge the admirable work of the Labor Secretariat in achieving compromise solutions.

In the speech that I gave at San Jose de Las Matas just a few days ago I talked about the most serious problem in the Dominican Republic: the accelerated loss of our forestland because we lack an appropriate land management system and because of the devastation caused by man and the elements. On that same day, a major fire broke out in the central mountain range and destroyed about 50 square kilometers of pine trees. This catastrophe came on top of all the adverse factors conspiring against an ecological balance in a zone that is vital for the feeding of our aquifers and the country's water reserves.

The Technical Forestry Commission that we appointed in Decree No 753 of 11 February and the commissions set up to reclaim this declared disaster area are working hard to rehabilitate it as soon as possible.

In the whereas clauses of Decree No 753 of 11 February we urgently called on all sectors of the country's private and public life to join efforts and take the necessary steps to plant trees throughout the country. Therefore, the declaration of this year as "National Reforestation Year" is of enormous and far-reaching patriotic importance for all of the inhabitants of our republic.

In our government program we pointed out quite properly that grassroots participation has been absent from cultural activities and in this regard we added that there have been no clear-cut cultural objectives to foster the practice of democracy on a sociocultural level. In a word, training aimed at identifying and strengthening the national culture has been lacking.

As a way to remove these obstacles by setting up the National Culture Institute, which with the First Festival of Culture from 3 to 14 February got masses of people involved in these activities. About 800 artists, technicians and intellectuals took part in preparing and staging the festival. Some 369 dance, theater and concert events were held; 60 lectures presented; 42 permanent exhibitions opened; 96 workshops staged, in addition to other activities such as the distribution of literature, street plays and documents on our cultural identity, something that had never happened before in our country. The extraordinary success of the first day of the Merengue Festival yesterday, 26 February, speaks eloquently of the results that can be achieved through effective coordination with government (Tourism Secretariat, Armed Forces, National Police, National Electoral Court, Jail and other institutions), demonstrates the cultural initiative and dynamism of our people and their attachment to their national values and reveals that the new generation in the country is taking new approaches in the civilian and military spheres for the defense of the nation.

In my government program I made it my administration to foster, through the promotion of the values of professionalism, institutionalism and national identity. At the same time, however, I want to combine these values with the involvement of the Armed Forces and

National Police in our economic development plans. During our term in office we have stressed a philosophy of earnestness, perseverance and faith among the men who nobly pursue the career of arms in our country. This philosophy, which our men in uniform observe with great professional zeal, is based on discipline, the concept of duty, respect for national ideals, the development of strong institutional loyalty and active patriotism. Thus, instead of talking about the creation and redefinition of military terms and concepts, we should talk of strict compliance with military regulations and laws in accordance with the constitution of the republic. Indeed, the branches of our Armed Forces are reassessing their basic components and rediscovering their true essence, goal and raison d'etre among the republic's institutions. The nation's Armed Forces are devoting themselves fully and totally to their longstanding mission of furthering the country's well-being, just as they took part with resolve and determination in founding the republic. Hence, our constitutional government is striving to ensure these valiant public servants perform their function as well and as worthily as possible.

A series of programs have been put into effect to benefit these men who are serving their country. A large, modern health care center, the Central Hospital of the Armed Forces and National Police, has been made available to their personnel. In addition, the operations of the Social Security Institute of the Armed Forces and National Police are being expanded and promoted.

At the institutional and operational level, this administration has made other major accomplishments in connection with the military. The Armed Forces can now dispense with tasks that are foreign to their mission, that used to demand much of their attention and that weakened them. At present, therefore, to foster the development of their personnel, the Armed Forces concentrate on lengthy, exhaustive training courses both here and abroad and on functional qualifications that make rank commensurate with ability. To this end, the General Staff of the Armed Forces has been activated for the first time so that the Armed Forces become involved in the development of projects that the nation is engaged in. We have given priority to and expanded the service agencies that the Armed Forces run for this purpose, agencies that have a major social impact, such as the Low-Cost Cafeterias. Their operations are being geared to take advantage of the major role they play in the diet of the underprivileged classes in many towns throughout our country, and a strict scientific approach is being followed in expanding the network. The same goes for the services rendered to the community by the Vocational Schools, which are among the most important, if not the most important job training centers in our country. These are also in a full-fledged process of expansion. The armory, which had been given up, has returned to these schools to incorporate their industrial potential into our development process.

The Forestry Directorate, which is vitally important to our country's ecology, is being run with equal zeal and professionalism.

The recent fire near Constanza demonstrated the capabilities of our Armed Forces, of the civilian workers in this directorate and in the Health Care and Assistance Centers, who enthusiastically rushed out to help overcome the calamity. In addition, we are moving to enhance the image of the Armed Forces as the legitimate guardians of national values, in a bid to integrate them in a more effective and instructional manner into the country's development. This is the reason for the continuous efforts of the cultural radio station "The Voice of the Armed Forces," of the renovated and redirected REVISTA DE LAS FUERZAS ARMADAS, of the Museum of Arms, of the theater groups at the Military Academy and of the recently inaugurated Military Library. These organizations have joined efforts as part of a new policy to convey an ennobling message to present and future generations of Dominicans, who will have a stronger awareness of their national identity, enriched by patriotism. Since the principle of an apolitical approach is an established fact in their ranks, the specter of partisanship belongs to a past that in its evitable retreat has taken with it the last vestiges of bossism and factionalism that used to interfere with the noble function of the military.

Over the 6 months of our administration the National Police has reached new heights. It has heightened its professionalism and become more effective in preserving law and order, in battling crime, smuggling and drugs and in clearing up the toughest cases that have shaken our country. Our people are increasingly appreciative of the National Police, and we hope that their esteem for this corps, which dates back to the very beginnings of the republic, continues to grow.

The Dominican Republic's foreign policy has taken on greater intensity and a new dimension, without altering the balance and moderation that I called for in my first speech as president of the republic and chief foreign policymaker, when I asserted that "The Government of National Concentration will pursue a flexible but moderate foreign policy towards all peoples who desire peaceful change, all peoples who embrace representative democracy."

Respectful of international law and of the principles enshrined in the UN and OAS charters, I have strictly observed our traditional approach of non-intervention in the internal affairs of other States and of mutual respect among nations for their sovereignty and territorial integrity. Furthermore, I have constantly reaffirmed our devotion to peace and advocated its preservation or restoration in the world's turbulent times.

Aware of the need for greater cooperation, I have intensified our international relations in the direction of solidarity and integration, especially in the Caribbean, whose regional integration program we have looked on with interest. From the very first day of my administration, in the Joint Declaration of Santo Domingo, I have made it a point to coordinate efforts to help resolve the problems besetting

the countries of Latin America and the Caribbean, which must tackle their economic crises and urgent development needs.

Acutely aware of the nation's financial situation, on 16 August we took a series of steps that enable us to say today, happily, that our financial well-being will continue to improve. Our efforts here at home, marked by discipline, austerity and ethics, along with improved prospects internationally, make us optimistic, albeit cautiously so, in discussing the outlook for 1983. Our experts estimate 1983 economic growth of 3.6 percent, compared to 1.5 percent in 1982. This rise will contribute to higher mining and energy output and to a more buoyant construction industry. The consumption of cement from November 1982 to January 1983 was up 14 percent over November 1981 to January 1982. Our foreign exchange balance, which posted a deficit of 113 million pesos in 1982, is expected to record a slight surplus in 1983. Due to a combination of much greater efficiency and honesty in procedures, along with the new levies proposed by our administration, tax revenues under the current budget are expected to be up eight percent in 1983 over 1982. They were up 13 percent in January 1983 over January 1982. Central government current spending is scheduled to decline from 806 million pesos in 1982 to 732 million pesos in 1983, a 9 percent drop, while capital expenditures are expected to rise from 182 million pesos to 285 million. Lower current spending and diverting the difference into investment is the key to the public sector's contributions to our growth. For the first time in many years the Dominican Electricity Corporation is expected not to post a current account deficit. We expect to cut the overall public sector deficit to be financed with domestic borrowing from 330 million pesos in 1982 to just 190 million in 1983. This, in turn, will enable us to program Central Bank bond issues that are down 37 percent from last year, with the resulting strengthening of our currency.

Estimates are that exports will be up 3 percent from 1982 and that imports will be down 14 percent, given the restrictive measures that have been taken since August. All of this, combined with a sharp turnaround in our previously worsening terms of trade (due to higher export prices for sugar and ferro-nickel) and along with a drop in interest rates and the rescheduling of our foreign debt, points to progress in our international economic situation. One indication that our economy has been more buoyant since we took office is that it did not grow at all from January to June 1982 but expanded at annual pace of three percent from July to December. Agriculture grew during the second half at double the rate of the first half.

Our economic situation in 1983 is undoubtedly being strengthened by the higher prices for our exports, but it is also being furthered by the politically costly though necessary measures that we began taking on 16 August. The people understand this because they know that these steps were prerequisites to the improvement of our national economy. People accept austerity as long as they see that it is being shared equally and that the example is coming from above, from the National

Palace itself and that it is part of an ongoing campaign against embezzlement and for the recovery of the national patrimony. The drop in the private sector's deficit is due to the austerity decrees that cut high salaries, that pared back current expenditures not related to the payroll and that increased work hours, and to the new taxes that boosted revenues, as well as to the better enforcement of existing tax laws. It was efficient, honest management of the finances of the autonomous enterprises and an infusion of mystique in their administration that shrunk their deficits. The agreement with the IMF provides us with funds to bridge this temporary austerity period without worsening the balance of payments crisis.

When I took the oath of office as constitutional president last 16 August, I said that I was taking on "the heaviest burden that any Dominican had ever assumed up to that point in our life as a republic." I inherited a country in virtual economic and financial bankruptcy, with large deficits throughout the government, mainly in its autonomous agencies, while there were legitimate prospects for improvement in the social sphere, including unemployment, which, I said, could be eliminated completely only through miracles reserved for the deity himself.

My only faithful promise to the people who elected me was that I would not shirk any sacrifice to meet the major challenge we were facing. Therefore, I responsibly announced the start of an exemplary policy that I described in timely fashion as follows: effort, hard work, punctuality, morality, discipline, austerity and patriotism.

This policy of austerity and sacrifice was put forward not just to meet the critical demands of the situation that the country was in, but also to achieve certain goals. As I said, "the austerity program will conclude when our economy has recovered and is properly restructured."

We can see from this that far from just seeking to cut spending by going back wages and salaries, our intention was to set up what we could call a platform of administrative and moral legitimacy, and its results have far exceeded, through the tangible multiplier effect in production, the economic value of the pay cuts with which we are all familiar.

The results that we have obtained in public administration tell us that the state sector of the economy has responded positively to the stimulus that had to be applied to the nation's economic machine. As we had hoped, when the unavoidable corrective measures were taken in the main sources of economic imbalance, they began to generate, within their limitations, renewed earnings. Within the country's weak economic structure, these earnings showed that there were positive forces that if harnessed under a reinvestment policy, could help to tackle the serious problem of unemployment without inflationary pressures.

In a word, the effects of economic discipline have been shown to transcend the narrow bounds of wage savings. Therefore, the government feels that this new program is more of an investment policy whose initial fruits have already been widely harvested during the 6 months that we have been entrusted with the nation's destiny.

I would like to take this solemn opportunity to caution our public officials and civil servants, regardless of what branch of government they belong to, that public funds and assets must be managed with the utmost honesty, used only for the benefit of the community and employed exclusively for the purpose for which they have been earmarked, and under no circumstances and at no time are they to be utilized for personal profit or advantage, either directly or indirectly.

In this regard, I would like to remind them that Article 102 of the constitution expressly stipulates that "anyone who misappropriates public funds for his own benefit or who avails himself of his position in government agencies, branches or autonomous institutions to procure economic gain, will be subject to the penalties that the law provides. Individuals who have shown favor to associates, family members, supporters, friends or relations will also be sanctioned."

The important thing is that these principles are enforced. We have undertaken this arduous task.

The style of this administration has been and will be consistent with my own style as president.

In my conduct I am trying to say that the president of the republic is a human being, like anyone else, not a messianic figure, an instrument of destiny, an indispensable, irreplaceable being without whom everything would collapse, thus threatening the very survival of the nation.

I am trying to show every day that the president is the nation's number one servant, not a person who has set himself up as the absolute master of its destiny by virtue of his magical individual qualities or by means of force or intrigue.

My presidency has been and will be a simple, accessible, human and popular presidency, without detracting from the respect due the lofty office I hold for reasons of state and because of the nature of the responsibilities of power.

After 6 months as constitutional president of the Dominican people, a majority of whom, expressing their sovereign will, voted me in, my experience in the post has reinforced certain convictions that I already had about the ambitions, motivations and frustrations of my fellow citizens.

I believe now more than ever that we Dominicans want to live in an atmosphere in which we can exercise our freedoms as broadly and as

effectively as possible. The views of the so-called "pessimists" who feel that our cultural and economic backwardness means that we must live under a strongarm regime, be it a savage dictatorship or a suffocating paternalism, carry less and less weight among Dominicans.

I also believe that we have long overcome our inferiority complex as a nation, the legacy of a 30-year dictatorship, and that today we are genuinely proud of belonging to a community in which there is no political or criminal violence and in which freedom is in the air. Our pride is bolstered when we compare our situation with that of many other neighboring nations in which freedom does not exist or in which it survives shakily.

I also believe that we Dominicans are hardworking and disciplined, that the predominant ambition among our youth is to secure a job and that, therefore, providing jobs is the priority goal of national economic policy. The statement that Dominicans do not like to work is not only untrue but an insult to our citizens as well.

Above all, I am convinced that Dominicans are violently opposed to seeing their taxes, the nation's foreign loans or the revenues from state enterprise sales, wind up in private hands through immoral or illicit deals at the expense of the people's patrimony. We will be just as honest in managing public funds for the rest of our term as we have demanded so far, and we urge the legislature to pass promptly the bill to safeguard the public patrimony, which we promised in our platform and submitted on 16 August.

Isn't this the finest way to honor the memory of our founding fathers, the members of La Trinitaria [group that promoted independence] and what they did 139 years ago, which we commemorate today?

Almost all previous governments were characterized by presidentialism and nepotism. It seemed as if the country's lengthy civil struggles and modern times would not be able to relegate these bitter experiences to the past.

The Government of National Concentration has shattered this longstanding trend and begun to establish a presidency that is open and responsive to all segments of the country; for the first time the government belongs to the entire Dominican people, not to an individual or to a family. We are becoming increasingly aware of this duty and the great sacrifices that it entails to keep the doors of the National Palace always open to those who knock on them. In just over 6 months we have met with about 10,000 persons, hearing petitions and complaints and coming up with solutions to individual, community or national problems to reinforce the right of petition for which Juan Pablo Duarte struggled and that was included in the first constitution of the republic on 6 November 1844.

The great challenge facing all parties when they come to power or when their representatives take government office is to find out whether

their leaders will be able to exercise power in its various dimensions with the same dignity and honesty that they preached when they were battling in the opposition, outside government. The problem concerns not only those of us in the Executive Branch; it also concerns each senator, each deputy, each representative, each councilman and even judges in the most remote municipality or province. In other words, one must be ethical regardless of where one is serving the country, be it the office of the president or of a minister, in a deputy's or senator's seat, as a representative or councilman or on the bench in the republic's courtrooms.

We have begun the moral and material recovery of the nation. In just a few months we have achieved what other administrations, despite their long terms of office, never achieved or even attempted to achieve. Our track record is there to see, from the channels, to the hotels, health care centers and government funds, including the reinstatement of the San Cristobal armory. As of 16 August the government has recovered sizable assets that due to negligence, complacency, influence-peddling or corruption had vanished from its coffers. The path is not an easy one, however. It is fraught with lack of understanding and of awareness. The central government is not the only institution that must develop a positive attitude towards austerity; so must the government's decentralized institutions, which based on tradition are still trying to place themselves above the State itself, using the pretext that their personnel would find elsewhere or that they have to compete with the enticements that the private sector has to offer in commerce and industry. When we try to focus our morality campaign on embezzlement or the improper use of government monies and bring to light criminal actions, individuals in every segment of our society resort to every available avenue of expression to call for an end to such efforts, as if nothing had happened with the government's assets.

Finally, over these first 6 months of our administration we have busied ourselves with putting our economic house in order, reducing both domestic and foreign deficits and generating surplus funds to create jobs, and we are now entering the period in which we must turn our attention towards the nation's engines of growth. We are in the process of defining training policy, of promoting industrial free zones and tourism and of encouraging the establishment of agroindustries, all of this as part of a program to spur activity in the construction industry.

Our goal is not austerity. What we are seeking is an economic situation that will enable the government to create as many jobs as possible for the new generations that are joining the country's work force every day, within a setting of stable prices to lessen the scourge of inflation.

Much still remains to be done. We must clarify, rationalize and coordinate our pricing policy and our policy for the government's role in production and for the Price Stabilization Institute's role in the marketplace. We have to diversify government sugar production and decide the future

of the state-owned enterprises. We need to be more active in promoting domestic and foreign investment. Bureaucratic red tape exasperates those who require official documents. We must be more efficient in this field if we really want to call ourselves public servants. I will direct studies conducted to see how red tape can be cut without relaxing controls.

We must become independent of imported energy through lignite and natural gas, and independent of imported food, which costs over a hundred million dollars a year. These are the tasks to be completed this year and in the years to come.

At last, we are again to render accounts to the National Assembly, I would like to make mention of our affable and cooperative vice president, Miguel Fernandez Marmol, who met such an untimely death. Even on his deathbed, in his last moments of life, he wanted to help make this country great, as the members of La Trinitaria dreamed of and as all Dominicans should desire. Let us hope that his passing helps us to recognize that we can correct our shortcomings and post new accomplishments in the way to economic democracy.

I am proud of the firmness of government and I call on our entire people to persevere in these undertakings so that each succeeding 27 February we can remember that being Dominicans, the heirs of Juan Pablo Duarte and his successors of the strongest and most stable democracy in the Americas, and that at the same time we are well on the road to economic democracy and betterment to strengthen the groundwork of our nation.

Very truly yours,
Rafael Angel

Very truly yours,
Rafael Angel

POLITICAL PRISONERS GROUP APPEALS TO CHURCH

San Salvador EL MUNDO in Spanish 16 Feb 83 p 12

[Paid advertisement]

[Text] A Road to Peace

The Episcopal Conference of El Salvador has succeeded in interpreting what for months we Catholics have been asking and demanding, and what today we are ready to win: peace for El Salvador!

The visit of the Holy Father is a symbol of hope and conversion, and of the Christian reunion of Salvadorans with their brothers and sisters, with their families and with their reality. There are thousands missing, assassinated or living as political refugees both inside and outside the country.

There are hundreds of political prisoners living in lamentable conditions, waiting for peace, justice, freedom and Christian love. So today more than ever the heads of the Catholic church must make a definitive effort to find a solution to the national crisis. With this intent, the political prisoners, as part of the hard Salvadoran reality, are addressing themselves to the Episcopal Conference of El Salvador--CEDES--to ask for moral support, Christian love and a commitment to find an immediate solution to their sad situation.

In this spirit, we are reproducing here the letter that the Political Prisoners Committee of El Salvador, COPPES, is sending to the Episcopal Conference of El Salvador. It is full of hope in its seeking of support from the Catholic church and its highest representative, the Holy Father, and in its invitation to him to visit them in the penal institutions and pray for them as he has done for other political prisoners in other countries.

Letter From the Political Prisoners to the Episcopal Conference of El Salvador (CEDES)

Dear Father,

It is a joy for us political prisoners to write to you, sending our wishes for your health and well-being on the eve of the visit of his Holiness John Paul II.

As we are familiar with the praiseworthy mission you are carrying out as the highest representatives of the Salvadoran Christian community, and in light

of the impending visit to our country of his Holiness John Paul II, we wish to make the following requests and present to you the following facts:

We are political prisoners, numbering more than 700 at the present time. We live in inhuman conditions, lacking adequate food, drinking water, health services, medicine, recreation, etc. We were all poorly treated at the time of our capture.

We do not know the legal status of our cases nor do we have the right to defend ourselves. The charges and crimes attributed to us grow as they occur to the military entities who captured us or to the military judge who is hearing our case. In a word, the way the regime is handling our legal situation is condemnable. Additionally, most of us were the economic mainstays of our households. It is they who suffer the consequences of our unjust imprisonment and from the lack of our Christian strength which is an indispensable part of their lives.

We are concerned as well about the situation of the missing political activists, who already number more than 10,000 over the last 2 years, and about the displaced persons, of whom there are more than 500,000. We are greatly concerned about the prolongation of this war which has brought so much pain and mourning upon Salvadoran households, and about the fact that the government has provided no concrete proof of any intention to resolve it.

Furthermore, we are especially concerned that up to the present time the Episcopal Conference has taken no stand regarding us political prisoners or the conflict, although this has been done individually by some conference participants.

We may obtain further information about some aspects of our status as political prisoners from Monsignor Arturo Rivera y Damas, as he visited us a few days ago. We know that you, through CEDES, are carrying forward the agreements of Vatican II, Medellin and Puebla, as did our beloved prophet and martyr Monsignor Oscar Arnulfo Romero y Galdamez. Thus, with all due respect, we wish to request the following:

1. That you undertake concrete action and advocate the immediate and unconditional release of all political prisoners in El Salvador;
2. That you impress upon the government the urgent and human need to stop the method of interrogation and treatment of those captured;
3. That you ask the government for an explanation of the whereabouts of missing political activists;
4. That CEDES draw up a proposal to find a resolution to the conflict which we are living.

We ask that you acquaint his Holiness John Paul II with this entire situation and that you communicate to him our wish for him to visit us in the penal institutions of Mariona and Women's Prison so he may learn about the true

situation of our people, the Salvadorans; also, that you see that he receives our greetings and best wishes, since, under the circumstances, we will not be able to attend the celebrations in honor of his visit to our country, although we will indeed celebrate here in prison.

Last, we ask you yourselves to visit us. This will give us spiritual encouragement, and enable you to understand our pain better.

Respectfully,

Political Prisoners' Committee of El Salvador

OPPEP

San Salvador, 10 February 1983

Committee of the Mothers and Families of Prisoners, the Missing and Assassinated Political Activists of El Salvador and Monsignor Oscar Arnulfo Romero.

W9-7

REF: 6248/544

BANK DENIES WITHHOLDING FARM CREDIT

El Salvador DIARIO LATINO in Spanish 15 Feb 83 p 2

[Text] "The Agricultural Development Bank (BFA) has not denied credits to any farmer from the reformed sector, but rather has made them more accessible through technicians who are teaching ways in which the procedures should be carried out," engineer Carlos Enrique Palomo, president of that financial organization, said yesterday.

Mr Palomo made the above statement to the Economy and Agriculture Committee of the Constituent Assembly, which has heard a report from the Christian Democratic faction to the effect that the farmers (cooperatives) of the reformed sector are being denied credits to work the land by the Agricultural Development Bank.

Mr Palomo indicated that the report is false, as is shown by the fact that there is no concern that has not been addressed; in addition, the peasants can benefit from the aid of the BFA technicians to find adequate ways to obtain the credits.

However, the president of the BFA said that it is untrue that the bank is refusing to buy the beans produced by the farmers of the reformed sector, and he explained that the IRA [Supply Regulation Institute] has had problems buying beans because there were large quantities of this product stored as a result of poor administration on the part of the prior management. He indicated that at the present time the IRA has 339,000 quintals stored (most of which has been purchased abroad), and that there are 40,000 quintals of beans in a unusable state. However, Mr Palomo said, although it was late, the IRA had just bought local products at 65.00 colons per quintals, so that these farmers would not be adversely affected.

He also said that the IRA has financed 3,500 producers for a total of 30,953 hectares of land for growing beans at a sum of 10.5 million colons.

TERMINAL BUILDING AT NEW AIRPORT TAKING SHAPE

St Georges FREE WEST INDIAN in English 12 Feb 83 p 6

[Text] The terminal building at the international airport, Point Salines, is taking shape.

Long steel columns to raise it some 30 feet high are already in place, with concrete so light the pieces can float forming the roofs.

The terminal will be two stories tall with offices, a waving gallery, two restaurants, one for employees, and a bar upstairs.

The control tower, some 50 metres west of the terminal building is being built with work on it 15 percent completed. The nearby technical block which will house all the airport's equipment, and which can be described as the heart of the airport, is some 75 percent complete.

Some 100 taxis and other vehicles taking passengers to and from the airport will park between the terminal building and a nearby cliff, the top of which will be flattened to form a supplementary car park.

Electricity and communication equipment will be installed by an English firm Hlessey Airports, which has 90 percent of the contract. The other 10 percent will be done by a Finland firm, Metex, which will install lights on the runway, car park and access roads.

Since work on the airport begun in 1979, 12 hills were dynamited then bulldozed, and the material used to fill in depressions. Hardy Bay, through which the runway now passes was dredged and filled in. This lasted for one year, although it was scheduled for six months. There were problems with high seas, however, and the dredge broke down for some time.

The tall pretty lighthouse with a full view of St. Georges, was dynamited with the hill on which it stood and a new much more modest lighthouse served by solar energy, now takes its place on a nearby hill, overlooking the black sand beach.

The new international airport which takes the place of hilly uncultivated land with tall trees and dense undergrowth of briar, small beautiful beaches

including a white and black sand beach side by side, and a salt pond, will be completed by the middle of next year.

Meanwhile four large fuel tanks with a capacity of 1.5 million gals are being erected on the airport site. The tanks will store diesel, gasoline and aviation fuel.

REF: 32987-22

TAWU SIGNS 2-YEAR CONTRACT WITH CABLE, WIRELESS

St. Georges FREE WEST INDIAN in English 12 Feb 83 pp 1, 2

[Text] A new two-year industrial contract, covering salary increases and other benefits, has been signed between the Technical and Allied Workers Union (TAWU) and Cable and Wireless Limited.

The signing took place on Thursday morning at the company's office on the terrace in the presence of Labour Commissioner, Franklyn Philbert.

One of the main benefits in the agreement is an 18 percent wage increase for the workers this year and another 16 percent the next year.

Increased holiday pay for watchmen, and increased travel and meal allowances are also included, according to TAWU's first vice-president Chester Humphrey.

The agreement is retroactive from August 1 last year and expires on July 31 of next year.

Humphrey said the agreement concluded on a satisfactory note, despite some initial difficulties which caused both sides to refer the matter to the labour arbitrator.

In the present agreement, he pointed out secured additional benefits for the workers and strengthens existing ones, particularly maternity leave.

On behalf of the union were Humphrey, its acting general secretary Carl Williams and workers Sharon Audian and Herman Hosford, the shop steward. Management side included Glashie, executive director E "Rudy" Lord, assistant manager J. Morris and engineer Allan Mathlin signed on behalf of the company, which employs some 27 workers.

Meanwhile, TAWU is now making preparations for its 25th annual general meeting, which will take place at the Grenada Boys Secondary School auditorium on Saturday 16, starting 9 a.m.

Build up to that meeting, the union is now holding a series of departmental branch meetings to mobilise its members.

According to president Jim Wardally, the workers' response has been good. About 1,500 are expected to attend the meeting.

Wardally said that over the last three years the union made significant progress in democratising its structures, adding that "we now have maximum democracy within the union."

He cited as an example the general council which comprises about 100 workers and is responsible for making the union's major policy decisions. Before such decisions were made by a 15-member management committee.

Wardally said that the democratic process within the union began long before the General Council was affected.

CSO: 3298/422

BRIEFS

IMPORTS IN BULK--St. Georges, Grenada, Feb. 24--Grenada's Peoples Revolutionary Government (PRG) has introduced a plan under which a wide range of products will be imported in bulk to supply government's technical and material supplies (TMS). Presenting his budget proposals today to a conference of delegates from the mass organisations, Minister of Finance Bernard Coard disclosed the TMS plan and said millions of dollars can be saved by the system. "By buying in bulk--in large quantities and from the cheapest source worldwide--we shall be able to get all our needs at a lower price and at a lower cost to our country," he said. The Minister said a total of 99 products have been considered in the plan and these include building materials, petroleum and petroleum products, agricultural items, food items, office supplies, packaging materials, some industrial chemicals, vehicle spare parts, equipment, asphalt products and animal feed. [Text] [Kingston THE DAILY GLEANER in English 3 Mar 83 p 15]

REPORTING ON DISSIDENTS--St. Georges, Grenada, Feb. 24:--Delegates to a conference on the economy held today have been asked to report anyone they hear "actively and maliciously" spreading rumours about the People's Revolutionary Government. The call came from Minister of Mobilization Selwyn Strachan who said that Hudson Austin, General of the Armed Forces, had been given an assignment yesterday to analyse certain information gathered by the security forces, and Austin has ascertained the names of persons who are guilty of spreading rumours. Strachan invited the General to address the conference and Austin said the security forces had made a thorough investigation. [Text] [Kingston THE DAILY GLEANER in English 3 Mar 83 p 8]

U.S. EMBASSY STAFF ACCREDITATION--The United States Embassy in Barbados has said that all its staff, except the ambassador, has been accredited to Grenada. This has been disclosed by the Ministry of Foreign Affairs, which stated in a release that this was communicated to them earlier this month by the embassy. According to the release, such information is routinely given to countries, but added that its receipt by Grenada represents a break in official silence from the US which has existed since 1979. But, the release stated, since the US ambassador in Barbados is not accredited to Grenada, the situation continues to be the same, although there is communication at other levels. [Text] [St Georges FREE WEST INDIAN in English 12 Feb 83 p 3]

PUBLISHERS OF FALSE INFORMATION FACE LEGAL ACTION

Warning Surprises Journalists

Guatemala EL IMPARCIAL in Spanish 26 Feb 83 pp 1, 3

[Text] Journalists who publish false information could face legal action according to a strong warning which the Director General of the National Police, Col Hernan Orestes Ponce Nitsch, issued yesterday in a press conference.

Ponce Nitsch stated that "Decree 45-82 which governs the state of siege in Article 14 says, "news media are obliged to refrain from publishing news which can cause confusion, panic and which aggravate the situation; they are forbidden to publish any information about seditious groups.

The police chief pointed out "that the president of the republic was clear, when he said that the journalists who speak untruthfully in their publications will face legal action." Thus, Ponce added "I have assumed a command of my duties, and the next time that news is not based on the facts, the person responsible will have to face legal action.

Col Ponce Nitsch indicated that "for this I have a public relations office which serves as a link between the police and the news media."

Before this warning, the Director General of the National Police stated that a news medium of the capital has been issuing information which is not true.

Such a warning has caused amazement among local journalists and foreign correspondents, since it is the first time that the press is being warned in such a way which means in the final analysis that the press, in accordance with the law, will have to submit to a press tribunal and never to an ordinary tribunal.

Newspaper Director Receives Summons

Guatemala PRENSA LIBRE in Spanish 27 Feb 83 pp 6, 29

[Text] The director of the daily LA HORA, journalist Marino Marroquin Milla considers improper a summons which the commander of the roving military police, Cdr Clodoveo Dominguez de Leon, issued for her to give an explanation about a publication which appeared last Friday evening.

According to what journalist Marroquin Milla told PRENSA LIBRE, the law of expression of thought contemplates proceedings to formulate clarifications in the face of any type of news and as a result the summons, issued to her yesterday by the mentioned commander to present herself at his office, amazed her.

The information published in the daily LA HORA, indicated that there were members of the military police in the band of assailants and rapists recently captured, which displeased commander Dominguez who stated that the members of that institution are not engaged in committing abuses and that he was shocked by the publication.

It was then when the director of the daily LA HORA informed the police chief what was meant in the law of expression of thought, with regard to the proceedings for formulating clarifications.

The journalist Marroquin Milla expressed her concern about the recent declarations of the director of national police who indicated that he will prosecute journalists who, in his opinion, were untruthful or tended to confuse public opinion.

That, she said finally, makes evident once more the limitations which newspapers have in this country.

9678

CSO: 3248/578

SEPULVEDA ON CENTRAL AMERICA, FALKLANDS ISSUES

PM241431 Madrid EL PAIS in Spanish 17 Mar 83 p 20

[Interview with Bernardo Sepulveda, Mexican secretary of foreign relations, by Miguel Angel Augilar on 16 March in Madrid]

[Text] Madrid--Bernardo Sepulveda gave a very positive assessment of the growing influence that the Latin American community has gained within the Nonaligned Movement, as shown by the results of the latest summit, whose final communique contains the proposals formulated in Managua. Next he said that his agenda in Madrid had not included talks about the economic dispute centered on the acknowledgement of the Mexican debt and the establishment of a timetable for repayment. He explained that these topics were broached during Finance Minister Jesus Silva Herzog's latest visit in a manner judged satisfactory to both sides. The secretary of state for trade is due to visit Mexico to conclude the final details.

"In my conversation with Felipe Gonzalez," Sepulveda said, "I conveyed to him a special message from President de la Madrid expressing Mexico's keenness--which I perceived was reciprocated by the Spanish side--to maintain very close political relations and a very clear desire for cooperation. Both governments recently completed their first 100 days in office. They are encountering similar phenomena. A difficult situation in the economic field. At the same time a very clear process to insure that the international dimension is not neglected is also apparent. They are countries which, in their capacity as medium-sized powers, have a position that can exert a very favorable influence on the development of international relations."

There are projects in the economic field that will be stimulated. The intensification of relations in this field is one of the most striking phenomena, in the Mexican minister's opinion. Joint investments have become very important. The same can be said of the trading field, where the increase is from hundreds of millions of dollars to thousands of millions.

The Mexican secretary of foreign relations said that he would emphasize the political blueprint most--the political will to come together with countries with convergences and similarities on a number of issues affecting international relations.

In connection with the celebrations for the fifth centenary of discovery, the Mexican minister mentioned the support for the designation of Seville as the location for the international exhibition, as against Chicago. He also said that a body has been set up to be responsible for organizing various events contributing to the commemoration of that event in close cooperation with the Spanish authorities.

As for the "Latin American community of nations," Secretary Sepulveda said the existence of such a community seems undeniable. In his opinion, several factors govern the greater or lesser activity of the community. What it is necessary to do is to insure its institutionalization so that short-term problems, which will always exist, do not paralyze it in the attainment of its objectives.

Starting in 1982, in connection with the Malvinas, a substantially greater cohesion has been very apparent among all Latin American countries. They joined in a common cause--the Malvinas--following which they continued with a homogeneous and solid stance which Sepulveda is sure will yield excellent results. "We all lamented that the extreme was reached of resorting to the use of force to resolve that dispute. All the Latin American countries have confirmed their stance of recognizing Argentine sovereignty over the Malvinas. This reflects a matter of principle that has to do with the very roots of the conflict: The fact that the Argentines on the island were expelled by force in 1833. This means that Mexico and the other Latin American countries are unwilling to accept conquest as a method of acquiring territory. This principle is the basis of the Latin American position of reaffirming Argentine sovereignty over the Malvinas Islands. We realize the need to find a peaceful solution to the dispute."

In connection with the Malvinas, Sepulveda said that Latin America has realized that if it is a matter of choosing between a continental or an Atlantic stance, the United States prefers the latter. "In my opinion, only some governments felt surprised. The countries most experienced in the diplomatic field recognized this conduct as part of a traditional alliance that the United States maintains with Britain--the so-called 'special relationship.'"

[PM241433] "The Mexican stance regarding El Salvador has remained identical," Sepulveda said. "It pursues the pacification of the Central American region, which is in a very severe state of tension. The various initiatives taken by Mexico jointly with other countries have had a certain degree of success. For instance, one can see that whereas in 1981 the idea of dialogue was excluded from the Salvadoran question, now the term is being used by more governments and political leaders and by Washington itself, which recently introduced this word into its political vocabulary. The pope also used it during his visit. Though it is true that this dialogue is not yet taking place, there is an increasingly strong inclination on the part of the sides involved in the conflict to reach such an understanding by means of dialogue and not by means of a military solution. This constitutes a considerable advance, which must lead to a peace formula for El Salvador."

Contadora is another matter: that was the location of the 9-10 January meeting of Mexican, Venezuelan, Colombian and Panamanian foreign ministers as part of a broader endeavor affecting Central America. "There is one important element: the coming together of four countries that geographically belong to the Caribbean basin and which therefore are more anxious for a solution to Central America's problems. The stance adopted by the participants at Contadora has received considerable support from the other Latin American countries. This endeavor is regarded sympathetically. This is not only because of the intrinsic merits of the Contadora communique but because it has sufficient political substance [densidad] to enable it to legitimize action.

"It was also decided to initiate a process of rapprochement among the various sides. What I mean by this," Sepulveda explained, "is that negotiations to find a peace formula must be conducted by the method of political conversations with the sides directly involved in the conflict. And that is a process that takes time. It is necessary to try to identify the points of dispute and formulas for negotiations. Our demarches are intended to be of use in the settlement of these objectives."

Prime Minister Felipe Gonzalez' influence, Sepulveda stressed, has been extraordinarily positive. "Prime Minister Gonzalez is particularly well informed about Central American affairs. In his capacity as head of the Socialist International he has had the opportunity to become thoroughly immersed in all the issues. I believe that Felipe Gonzalez' political influence and administrative skill will prove exceptionally useful in carrying out any diplomatic initiative too. If an initiative were to be formulated for settling the various conflicts in the area, I am sure that a request would be made for a political contribution from Felipe Gonzalez and the Spanish government. In my opinion a process is at present going on that does not yet make it possible to consolidate an initiative in which a necessary mechanism of pacification is sufficiently mature. I am certain that if such an initiative, previously negotiated with the sides involved in the conflict, were to materialize, Spain's contribution would be very welcome. I am sure that the Spanish government would also be sympathetic toward the conduct of these demarches.

"It seems unfair to me to require from Nicaragua an immediate possibility of building political institutions. The process will take some time, but in my opinion it is moving in the right direction. I have the impression," Sepulveda said, "that the Sandinista political plan of insuring pluralism in Nicaraguan political life will be maintained and that the prevalence of the mixed economy will be insured. As for U.S. interests," the Mexican minister said, "they would be better protected by means of a process guaranteeing the area political pluralism and democracy in whatever way the Central American peoples themselves may understand them than by means of interpretations alien to their own conditions."

CSO: 3248/614

BRIEFS

NICARAGUA RETURNS FISHING BOATS--French Harbour, Isla de la Bahia--Two Honduran fishing boats that had been seized in Honduran waters by the Nicaraguan Coast Guard have been returned to their owners. The boats were exchanged for two fishing boats brought to Honduras by Nicaraguan citizens when Somoza was overthrown. [PA201832 San Pedro SULA LA PRENSA in Spanish 17 Mar 83 p 3 PA]

CSO: 3248/615

TALKS WITH NEIGHBORS ON LAW OF SEA OVERLAPS PLANNED

Kingston THE DAILY GLEANER in English 24 Feb 83 p 1

[Text] The Jamaican Government is to hold discussions with neighbouring states on the delimitation of overlapping zones and continental shelves as defined in the United Nations Convention on the Law of the Sea, the Deputy Prime Minister, the Rt. Hon. Hugh Shearer, told the House of Representatives on Tuesday.

Mr. Shearer said that there were a number of cases in which Jamaica's economic zone and continental shelf, as defined under the Convention, would overlap with those of neighbouring countries; and discussions will have to be held with these countries to find an equitable solution.

The Convention states that the delimitation of overlapping economic zones and continental shelves is to be "effected by agreement on the basis of international law...in order to arrive at an equitable solution."

Mr Shearer was speaking in the debate in the House of Representatives on a resolution for the approval of the Convention. The resolution was moved by him and seconded by Mr Dudley Thompson (PNP-West St. Andrew). It was passed unanimously by the House, paving the way for Jamaica's ratification of the Convention by March 15 when the Preparatory Commission of the International Seabed Authority (ISA) starts meeting.

Mr Shearer said that the Preparatory Commission of the ISA is to commence its work at the Interim Headquarters in Kingston on March 15 and Jamaica would sign the instruments of ratification and deposit them with the Office of the United Nations Secretary-General by that date.

Only one member of the Opposition remained for the debate and the subsequent vote and that was Mr Thompson. He and Mr Shearer exchanged compliments. It was Mr Thompson, as Minister of Foreign Affairs under the previous (PNP) Government, who had first proposed Jamaica's name as the site for the headquarters and it was Mr Shearer who had consummated victory for Jamaica after Mafia and Fiji entered the race.

Mr Shearer said that Jamaica undertook to make the facility available to accommodate the staff of the ISA, and he was pleased to say, on behalf of the Government and people of Jamaica, that the undertaking has been fulfilled.

"I am pleased to say that the facilities are now in use by the Joint Consultative Committee of the ACPEEC parliamentary body," Mr Shearer said.

A number of sites (inside Jamaica) have been proposed for the siting of the permanent headquarters; however, the decision on the site would not be a Jamaican Government's decision, he said, adding: "Wherever the United Nations body decides that it shall be, that is where the Jamaican Government is committed to provide it."

He said that the naming of Jamaica as the headquarters of the ISA came about through the efforts of successive Governments, and that the only change that took place in Jamaica's efforts since the last change of Government, was that other states entered the race for the siting of the headquarters and the current Government had to find strong, adequate efforts to sustain the vote in favour of Jamaica.

Mr Shearer called for unanimity in the House on the resolution. He said that Jamaica would justify to the international community the soundness of the decision to site the headquarters here.

He paid tribute to all who worked to achieve that success and also praised those involved with the erection of the Interim Headquarters.

Mr Thompson, replying for the Opposition, congratulated Mr Shearer on the way in which he had dealt with the matter. He also had a "very special word of praise" for the workers on the Interim Headquarters for the speed and quality of construction.

"They put their shoulders, literally, to the wheel around the clock and presented something that has amazed those people who came here expecting to find Jamaica a second-class country; and they should be thanked," he said.

Mr Thompson said that the Interim Headquarters should make Jamaica feel proud and had proven that "you haven't got to be big to be good; that quality is what counts." He said that one day the world would say to Jamaica: "Thank you."

Closing the debate, Mr Shearer joined Mr Thompson in expressing appreciation for the work done by the workers on the site. He said that, in appreciation of their performance, the Government had decided to put up a plaque at the entrance to the headquarters where the names of each of the persons who had anything to do with the building, would be written in metal.

CSO: 3298/423

PNP CHARGES CURRENCY HAS BEEN DEVALUED BY 60 PERCENT

Kingston THE DAILY GLEANER in English 25 Feb 83 p 13

[Text]

The Jamaican dollar has been devalued by 60 per cent to the extent that one needs J\$2.80 to purchase US\$1, whereas in the past a U.S. dollar cost J\$1.78, the Opposition spokesman on Finance, Mr. Seymour Mullings, said in the House of Representatives on Tuesday evening.

Mr. Mullings' comments came during the debate on Ministry Paper No. 6, seeking House approval for the extension of the Exchange Control Act Amendment Order 1983 to a further 90 days, starting from Wednesday, February 23.

The resolution was brought by the Minister of State for Mining, the Hon. Basil Buck, on behalf of the Prime Minister and Minister of Finance, the Rt. Hon. Edward Seaga.

Mr. Buck told the House that on January 20, 1983 the Prime Minister signed the Order which:

a. creates a classification for a "tourist service" to embrace any service provided primarily for tourists in the areas of accommodation, entertainment, transportation or duty-free shopping;

b. gives the Minister power to issue directions to control the activities of persons operating tourist services, including the obtaining of returns, mandatory keeping of records, and the institution of any system to ensure proper channelling of foreign exchange;

c. prescribes special penalties for failure to comply with directions;

d. allows application of the penalties to directors and officers of a company which operates the tourist service.

The Order, Mr. Buck said, was in effect for 30 days and expired on Tuesday, February 22. He said that under Section 45 (1) of the Act the Minister had the power to make an order for 30 days, but if it was desired that the Order should continue beyond the 30-day period, then the House had to approve through resolution to have it extended.

EXTENSION

Legislation was being worked on to incorporate the amendments permanently in the Act, but until this was done it was necessary to have the Order extended for a further period of 90 days.

Speaking on the resolution, Mr. Mullings, who is also Leader of Opposition Business in the House, said that earlier this year the Prime Minister announced certain actions to be taken with respect to the Government's programme of economic recovery. One of the actions taken was to seek to get more of the tourist dollar into the Bank of Jamaica.

The action, Mr. Mullings said, had the effect of a formal devaluation of the Jamaican dollar to the extent of some 60 per cent.

Saying that long before this there was a black-market operating and that the tourist industry was vital to the economy because of the unhappy state of bauxite, Mr. Mullings said the Government should do everything to ensure that the tourist industry brought in more foreign exchange for its needs and to provide employment.

He said that when the package of proposals was announced, the Prime

Minister had said that it was not necessary to be discussed in Parliament.

"We are being asked to extend this Order," Mr Mullings said. "I would have thought that after a month the Minister who is bringing these proposals would give some indication to the country as to how the proposals are working."

It was unfair to bring the Order to the House "without giving us some information", Mr. Mullings said, adding that he would like to bring to the Government's attention certain implications of the proposals.

"When we say that the dollar has been devalued, this is precisely what we mean. It has been devalued to the extent that you need J\$2.80 to purchase US\$1, whereas in the past you needed no more than J\$1.78 to purchase one US dollar. The Jamaican dollar has been devalued by 60 per cent," Mr. Mullings said.

The measures, Mr. Mullings continued, had had serious implication to the hotel industry. The Government was insisting that the hotels must operate on the official rate of exchange of J\$1.78 for a US dollar, while outside the walls of the same hotel the conversion rate was J\$2.70- J\$2.80, and this meant that the hotel industry had been placed at a very serious disadvantage.

SERIOUS THOUGHT

He expressed the hope that the Government was giving serious thought to the "spin-off" effect this situation could have on the tourist industry at this time, adding that many large hotels were rotating staff despite the boast of full occupancy. The measures would make the job security of the people who worked in the hotels very tenuous, he added.

Mr. Mullings said he would not be surprised that by the end of the winter season many hotels close their doors.

Commenting on an advertisement put out by the commercial banks about the need to bring in the dollars, Mr. Mullings said he was pleased to see that "everybody now-a-days regard the syphoning off of money out of the country as unpatriotic", adding that he hoped that the attempt to get the money into

the Bank of Jamaica was successful for the benefit of all Jamaica.

The Minister of Industry and Commerce, the Hon. Douglas Vaz, said the parallel market system was initiated by the now Opposition when they were in government. "They did not understand it then and they do not understand it now," he said.

Mr. Vaz said that 78 per cent of all imports would be at the official rate while the parallel rate would constitute 22 per cent. All basic and essential goods are contained in the 78 per cent while the 22 per cent was for luxury items.

He said that \$21 million had been made available to the hotel industry for the purchase of their food and beverage supplies, while, outside the sector, \$3 million have been granted to bring in goods at the parallel rate. Electricity was one of the biggest single items for the tourist industry and fuel was on the official rate.

Citing a statement made by the Governor of the Bank of Jamaica, Mr. Vaz said that \$5 million was coming into the banking sector weekly which would add up to \$260 million by the end of the year. At the same time, he said, the commercial banks have had a supply of U.S. dollars for which there was no demand.

Mr. Vaz said the successful operation of the tourist sector must remain buoyant, adding that the sector "is vibrant and not about to collapse".

Mr. Horace Clarke (PNP) said the new currency regime was having an impact on every facet of the economy. "It conceals additional taxation, dislocation in the tourist and manufacturing industries and problems created with our CARICOM partners," he said.

Serious adjustments to the measures were needed, as it appeared that the responsibility of providing foreign exchange no longer rested with the Government but with the commercial banks.

"This is the height of the tourist season and the Government is saying that they are only receiving \$5 million per week. With six more weeks to go, the hotels are rotating staff. If they don't seek to remedy the situation, the shortfall taking place could mean very

serious social problems for the country," Mr. Clarke said.

MORE PROBLEMS

The whole policy has created more problems than solutions, Mr. Clarke declared, adding that one of the areas in which taxation was concealed was in the motor-car industry. He said that in November last year he ordered one of the Russian jeeps at a cost of \$17,000; two weeks ago he was told that the vehicle was ready at a cost of \$26,500.

"I told them to cancel the order," he said.

He asked: "How can the Government in its barter trade exchange a commodity at official rate and in turn sell it to Jamaicans at the parallel rate?"

Joining the debate, Mr. Dudley Thompson (PNP) said: "What is clear is that we are in trouble. The whole country is in trouble and it is the duty of the Government to tell it clear what is happening so that we can work our way out".

It was a matter of trial and error, he said, adding: "I hope that the people will be told the facts and what they can expect so that they can prepare themselves for it".

He said he would like to see the Government relieving all pensioners from paying income tax because the new measures were affecting them.

Accusing the Government of "free-

ing up the banks so that they 'can't imprison the people', Mr. Thompson said the Government had allowed the banks to gamble with the future of the country under the policy of free enterprise.

Mr. Terrence Gillette (PNP) wanted to find out the effects which the measures were having and the benefits being derived. He said there was a shortage of motor vehicle parts, and even of wrapping-paper, because of the new parallel market system. He also wanted to know its effects on small farmers.

The Minister of National Security and Justice, the Hon. Winston Spaulding, said the parallel market was a "reality out there". "We did not create it, but we formalised it to allow more of the money to come in."

It was not the parallel market system that was affecting the poor, he said, but lack of production due to 7½ years of negative growth.

Closing the debate, Mr. Buck said so much had been said that was unrelated to the subject matter before the House that he could not respond. He had heard some of the most naive interpretations of economics being put forward that afternoon.

In response to the call to give information on the effect and benefits of the new measures, Mr. Buck said that an economic strategy could not be assessed in 30 days; it would take some four months.

The resolution was approved.

IMPORT BILL FOR 1983 SET AT \$1.5 BILLION, DOWN FROM 1982

Kingston THE DAILY GLEANER in English 7 Mar 83 p 15

[Text]

Jamaica's import bill for 1983 is targeted at just over US\$1.5 billion, down from U. S. \$1.6-billion last year, recording a decrease of US\$- 0.1 billion, the director of the National Planning Agency (NPA), Dr. Headley Brown, said.

He noted however, that there are some categories that have received increased quotas, and cited the raw materials category which records an increase of some 11 per cent, but others, such as the quotas for cars was down from 1982 figure of US\$32.2-million to US\$17.5-million for 1983.

Dr. Brown said this at a meeting of the Dry Goods Traders' Committee of the Jamaica Chamber of Commerce on Thursday when a number of questions were raised with regard to the issuing of import quotas and the effects of the parallel market on trading.

Responding to Committee members submission that they were "at a loss" to understand the basis on which import quotas are calculated and assigned each importer or trader, Dr. Brown said that the figures had actually been calculated on an average of data to hand from

companies' actual imports over the past two years.

He said that there could be some significant distortions in import patterns on a firm by firm basis, due for example to growth of "new entities," based on no funds imports in 1982. A closer examination of 1982 actual import data was being undertaken.

Dr. Brown said that importers had at their disposal a review procedure through which they could appeal against import quotas allotments.

The Committee's members said that whereas quotas had not yet been received by many importers, they knew of defunct companies that had been assigned quotas.

"Let us try and avoid these mix-ups," Mr. Khateel Azani, said, adding that an easier way would be by allowing the Chamber to go through names present on the list of traders now being used by the NPA and identify for the Agency the companies that are actually trading.

Wondering how this state of affairs could have arisen since the list had been "cleansed" by

the Trade Board, Dr. Brown agreed to submit a list of Traders for perusal by the Chamber and a list of manufacturers to the Jamaica Manufacturers' Association (JMA) for similar examination.

The question of exclusion of CARICOM imports from quota allocation was also raised, and it was pointed out that CARICOM imports were not under the quota system, but Dr. Brown added, that a number of issues in respect to CARICOM was under active consideration.

Committee members urged Dr. Brown to appeal to the agency responsible to reconsider parallel market rate for duty valuation since the duty paid at the parallel market rate would have to be passed on to the consumer and would result in increases in the price of some items of up to 40 per cent in some cases.

The Committee felt that the projected 110-million increase in government revenue from that exercise would not be worth it when consideration is given to the drastic overall increase in the cost of living that would result.

BAGGED, BULK CEMENT DELIVERIES UP IN 1982 OVER 1981

Kingston THE DAILY GLEANER in English 3 Mar 83 p 8

[Text]

There was an increase of 59.6% in cement deliveries in 1982 over 1981, according to the Caribbean Cement Company. Of this overall increase, bulk cement deliveries showed the highest increase, 89.3% above the 1981 level, and deliveries of bagged cement increased by 52.7% over the 1981 mark.

According to a news release from the company, the equivalent of 6,152,923 bags of cement were delivered in bags and in bulk form in 1982, compared to the equivalent of 3,854,903 bags in 1981.

The total production at the Rockfort plant in 1982 was the equivalent of 5,629,368 bags. Of the bagged cement delivered to the market in 1982, 640,603 bags were imported. In 1981, actual cement production at Rockfort was 3,886,272 bags.

At the end of 1982,

8,295 tons of cement were in stock compared with 3,418 tons at the beginning of 1982. In addition, stocks of clinker, (the intermediary product in cement manufacture) stood at 17,646 tons on December 31, 1982, compared to 12,204 tons on December 31, 1981, the release said.

With 157.9% increase, Kingston received the largest percentage increase in cement deliveries, with 1,085,603 bags delivered in 1982. St. Elizabeth was second with 294,135 bags, an increase of 93.7% over the amount delivered in 1981.

Commenting on the significant increase in bulk cement deliveries last year, chief executive of the company, Mr. Compton Rodney, attributed this to increased activities in the construction industry.

He cited the construction of the temporary headquarters of the Inter-

national Seabed Authority as an example. Mr. Rodney also mentioned the nonfunctioning of bagging plants at the company which forced some users to take their supplies in bulk form.

Production for 1983, he said, was planned for 366,000 tons of cement, the highest level since 1976, when 359,000 tons were produced. "We also plan to have a substantially increased clinker stockpile which will allow us to increase production of cement by more than 30,000 tons if the need arises. If that happens, we would be surpassing the 1973-75 levels of 392,000 to 399,000 tons" Mr. Rodney said.

The production capacity at Rockfort is 400,000 tons per year but an expansion programme is underway to increase capacity production to 800,000.

CSO: 3298/424

SUGAR WORKERS UNION REJECTS CROP BONUS OFFER

Kingston THE DAILY GLEANER in English 11 Mar 83 p 17

[Text]

The unions representing sugar industry workers - the Bustamante Industrial Trade Union and the National Workers Union - have rejected an offer of a 7½% crop bonus made by the Sugar Producers Federation at a meeting at the Ministry of Labour on Tuesday.

The meeting was called to continue negotiations on the unions' claims for improvements in the terms and conditions of employment of the sugar workers for the 1983-84 crop.

The unions are claiming a 20% per week pay increase from January, 1983 and a further 20% increase from January, 1984, plus a 20% crop bonus for each of the two years.

At Tuesday's meeting the SPF in response to the claims furnished certain

figures relating to revenue, production and payroll. The unions asked for time to analyse the information.

The Federation offered a 7½% crop bonus for the 1983 crop but this was rejected by the unions who requested that an improved offer be made at the next meeting.

The parties are to meet again on Wednesday, March 23, at the Ministry of Labour to continue the negotiations.

Attending the meeting were Mr. O. A. Simpson, Executive Director of the SPF, Mr. H. O. Thompson, President of the NWU, and Senator Clifton Stone, Island Supervisor of the BITU. Mr. Anthony Irons, Industrial Relations Director at the Ministry of Labour, chaired the meeting.

CSO: 3298/424

\$627 MILLION BALANCE OUTSTANDING ON VARIOUS GOVERNMENT LOANS

Kingston THE DAILY GLEANER in English 11 Mar 83 p 15

[Text]

Up to March 1982, the government had guaranteed loans totalling \$1,066,201,500 to various institutions in the country, and has an estimated outstanding balance of \$627,187,610.

Some of the institutions which received massive guaranteed loans are Jamaica Public Service Company which received loans totalling \$277,872,820, of which an estimated balance of \$46,186,296 is outstanding; the Jamaica Mortgage Bank Limited received loans of \$118,870,000 of which \$83,648,830 is outstanding. The Jamaica Telephone Company Limited has an estimated outstanding balance of \$44,495,940, of guaranteed loans totalling \$120,881,562.

Other institutions that received large loans and have large outstanding balances are National Sugar Company, Air Jamaica, Urban Development Corporation, Point Hotel, Mallards Reef Hotel, Rose Hall Inter-continental, Rose Hall Holiday Inn, Port Authority, Jamaica Development Bank, National Water Commission, Airport Authority, Forrest Industries Development Company, Jamaica Merchant Manne Limited among others.

This information was contained in Ministry Paper No 10 tabled in the House of Representatives on Tuesday evening by the Minister of Labour and the Public Service, the Hon J.A.G. Smith, on behalf of the Prime Minister and Minister of Finance, the Rt. Hon Edward Seaga.

The Ministry Paper is requesting the House to note that the Bank of Nova Scotia, Jamaica Limited, has made loans of (a) \$10 million and (b) \$10 million available to the Jamaica Telephone Company Limited.

It said that loan (a) was used for financing the company's development programme for 1981, while loan (b) was used for consolidating the company's overdraft facilities and providing additional working capital for the company's on-going operations.

The terms of repayment for loan (a) are that the principal shall be paid by 27 quarterly instalments of \$357,000 each payable on the last days of May, August, November and a final

payment of \$361,000 payable on February 28, 1990. For loan (b) the principal is repayable by 23 quarterly instalments of \$420,000 each payable on the last days of October, January, April and July in each of the years 1983 to 1989, the first instalment on October 31, 1983 and a final payment of \$340,000 on July 30, 1989.

The interest on both loans is 1½ per cent above the banks' prime lending rate.

A formal guarantee has been issued by the Government of Jamaica to the Bank under and by virtue of the provisions of the Approved Organization and Authorities Loan Act. The House is therefore being asked to approve the guarantee of the repayment of the principal and the payment of interest under the Act.

FIRST SHIPMENT OF FERTILIZER ARRIVES FROM CANADA

Kingston THE DAILY GLEANER in English 25 Feb 83 p 15

[Text]

The Minister of Industry and Commerce, the Hon. Douglas Vaz, and other Government officials on Tuesday inspected the first shipment of bulk fertilizer, valued at \$1,347,000, imported under a \$2.9 million fertilizer line of credit made available to Jamaica by the Canadian International Development Agency.

This shipment consists of raw materials -2,580 metric tons of murate of potash and 1,550 metric tons of di-ammonium phosphate- which are being blended by Aruba Chemical Industries of Marcus Garvey Drive, Kingston into fertilizers for sale to local farmers. It arrived in Kingston Harbour on Monday from Belledune, New Brunswick, Canada, aboard the freighter Prometheus and was inspected at the Esso Dry Cargo Dock by Mr. Vaz.

Aruba Chemical Industries, the Jamaican subsidiary of the American agricultural products conglomerate W. R. Grace and Co., purchased the

imported fertilizer raw materials from the Jamaica Commodity Trading Company, the importers.

Proceeds from the JCTC's transaction with Aruba Chemicals will be ploughed into a number of agricultural development projects. Prime Minister Edward Seaga announced after signing the CIDA Jamaica Fertilizer Line of Credit - FERLOC agreement at Jamaica House in January.

The FERLOC scheme represents the first phase of a CIDA programme of aid for the Jamaican agricultural sector. The Jamaican Government will start repaying the interest free Fertilizer Line of Credit in 1993.

While discussing the advantages of the FERLOC scheme during his inspection tour on Tuesday, Mr. Vaz pointed out that it was beneficial for Jamaica to import fertilizer raw materials, as the JCTC had done in this case, because local blending and bagging of fertilizer provided employment for Jamaicans.

AGRICULTURAL CREDIT BANK DIRECTOR REPORTS PROGRESS

Kingston THE DAILY GLEANER in English 26 Feb 83 p 11

[Text]

The Agricultural Credit Bank (A.C. Bank) has so far disbursed \$2.5-million and currently has a commitment of \$4.4-million in loans to local farmers but this figure is expected to escalate when the planting season begins within the next two months, according to Dr. Keith Roach, Managing Director of the Bank.

Dr. Roach was speaking at a breakfast meeting at the Courtleigh Hotel to update members of the local media on the performance of the Bank, which was established in August 1982 and made its first loan last September.

Dr. Roach described the AC Bank as a "second-storey or wholesale banking institution" which does not retail loans to the farming community. The Agricultural Credit Bank provides long-term financing for farmers through the Peoples Co-operative banks (P.C. Banks) and commercial banks.

He said that the aim of the A.C. Bank was not to take over the functions of the P.C. banks but "to help them to develop into efficient mobilisers of credit in Jamaica."

He told reporters that one particular P.C. Bank which in the four years prior to the establishment of the A.C. Bank had lent a total of \$98,000, had now reached the \$1/2-million mark with financing provided since the A.C. Bank's inception.

There are 113 P.C. Banks, 39 of which are currently being funded by the A.C. Bank.

The A.C. Bank is projecting to lend \$47-million in their first year of operation, and approximately \$15-million of this amount will

be disbursed through the P.C. banks.

Noting that late credit was one of the problems still affecting the smooth operation of the Bank's credit system, Dr. Roach said that farmers should approach their P.C. Banks early for the required loans, so that these request may be processed and in the case of approvals, granted at exactly the time needed. He said that farmers who wait until the last minute to apply for loans have in the past been at a disadvantage, when the required money was delivered late.

He said that the A.C. Bank must also look at its interest rates which now stand at 12 percent, as experience had shown low rates of interest to be something of a disincentive to repayment.

Dr. Roach noted that the P.C. Banks have the responsibility of monitoring loans given to farmers in their community. With closer scrutiny and an efficient system of disbursement and repayment the P.C. Banks can be geared to become "self-sufficient mobilisers of savings in the rural areas," Dr. Roach said.

PEOPLE'S CO-OP BANKS RAISE CREDIT CEILING FOR FARMERS

Kingston THE DAILY GLEANER in English 8 Mar 83 p 11

[Text]

PORT ANTONIO, Pd.,
Mar.2

(From our correspondent):

Small farmers will now be able to borrow up to \$50,000 as against the previous \$1,000 from Peoples' Co-operative Banks, Minister of Agriculture, Hon. Percival Broderick, said at an eastern Portland agricultural exhibition at Castle Community Centre in Portland.

Discussing preadial larceny, he said that for the first time in this country steps are being made to protect farmers and a praedial larceny law was passed in 1982. He went on to say that the first set of agricultural wardens have completed training and will be placed in special farming divisions throughout Jamaica. He noted that for the first time if a farmer caught a thief stealing his produce, the produce would not have to go to court, all that would be required is that the farmer call a J.P. who would make a note of what was found with the thief. The farmer would keep a copy, also the police and the J. P. The police copy would be used

as evidence in court against the criminal. He said this was to ensure that the farmers' produce would not have to wait to go to court. He said that this is one of the laws that covered praedial larceny.

On marketing, Mr. Broerick said that the Agricultural Marketing Corporation is a failure and the Prime Minister will make a statement to the nation on marketing soon.

On bananas, the Minister said that Portland has been a natural gift for bananas and his Ministry has received \$30 million which will be used to resurrect the industry. He told the rally that banana will never go and whenever you call Portland, you call bananas, and the people of Portland had demonstrated their ability by producing good quality bananas in the past month.

He went on to say that the farmers of Portland has given him a first hand knowledge that they are not only producers of bananas but all ground provisions.

NEW EXPORT MARKETING COMPANY TO PUSH FURNITURE IN U.S.

Kingston THE DAILY GLEANER in English 4 Mar 83 pp 1, 15

[Text] The first private-sector-oriented export marketing services company, General International Marketing Corporation, was handed over to the National Industrial Development Company Limited, at a dinner at the Pegasus Hotel, New Kingston, on Wednesday night.

Launched by a U. S. \$150,000 grant from Control Data of the U. S. A., GIMCO was established in June receiving subsequent funding from the Jamaican Government of \$45,000. It was charged with the responsibility of setting up marketing mechanisms to enable industries, particularly the furniture sector, to operate at top capacity.

Outlining the project, the Managing Director of Jamaica National Investment Promotions Limited, Mrs. Corrine McLarty, said the idea was born out of a meeting of the Joint Task Forces in Ocho Rios early last year. During the meeting the consensus was that the major problem facing the furniture industry was that it was characterised by surplus capacity.

"The imperative was to set up the marketing mechanisms that would enable these plants to operate at or near full capacity," she said.

The Furniture Task Force felt that efforts should be concentrated on providing assistance in terms of technology and marketing, in view of certain comparative advantages enjoyed by local producers. These advantages she cited as the long tradition of antique reproduction in Jamaica, the developing wicker furniture sub-sector and the fact that the quality, design and prices were at competitive levels.

The marketing corporation, she said, is geared towards product research including recommendations on acceptable styles and designing, marketing and sales services, including selection of manufacturers representatives, warehousing and transportation of products in the U. S. and selection of showroom locations in the areas of highest interest.

Mrs. McLarty pointed to a recent market research programme undertaken by GIMCO, covering seven north-central states in the U. S. She said the study disclosed that imports of furniture into that area alone amounted to some U. S. \$2-billion over 1981-82. A significant portion of these imports, she said, over items that Jamaican manufacturers are capable of producing. Hence, she said, it was GIMCO's immediate goal to make a convincing impression on that market.

GIMCO has already secured over 3,000 square feet of

prime showroom space in two locations in Minneapolis to be used as exhibition areas, permanently stocked with Jamaican furniture and craft items, she said. She further disclosed that the President of GIMCO, Mr. **Fred Swaney**, will be selecting items to furnish these showrooms shortly.

She expressed the gratitude of the country to Control Data, particularly to Mr. **Bill Norris** and Mr. **Phil Bifulk**, executive consultants, for providing the initial funding for the project as well as for securing office space and facilities at Control Data's Business and Technology Centre in Minneapolis for GIMCO.

Hon. **Carlton Alexander**, O. J., Chairman of the Prime Minister's Committee on Investment and Employment, also thanked the members of the various task forces involved with different projects. He noted that as a result of the tremendous efforts of the task forces, investment projects have been initiated in the areas of electronics, garment and textiles, printing and publishing, and furniture and wood products.

He pointed to the importance of close co-operation between the public and private sectors and said one of the main reasons for the setting up of task forces was to facilitate the interpretation of the needs of the private sector to the public sector.

Among those present were the Minister of Industry and Commerce, Hon. **Douglas Vaz**, who pointed to the high quality of the work done so far by GIMCO, observing that the market surveys were the best done for the furniture industry; and Mrs. Vaz; Minister of State, Hon. **Anthony Johnson**; the President of the Jamaica Manufacturers' Association, Mr. **R. Anthony Williams**; and President of the Jamaica Exporters' Association, Mr. **Geoffrey Messado**. At a ceremony at the offices of NIDCO in Tangerine Place, Kingston, yesterday, Mr. **Warren Woodham**, Executive Director of the agency, handed over the cheque for U.S. \$45,000 to Mr. **Fred Swaney**, President of GIMCO, as an earnest of the Jamaican Government's participation in the venture.

A formal agreement establishing the relationship between the two agencies in the promotion of Jamaica's export trade in furniture was also signed. Mr. Swaney signed for his organisation while Mr. **Geoff Messado**, President of the J.E.A., signed on behalf of NIDCO, of which he is a director.

Brief speeches by all three gentlemen dealt with the prospects for the entry of Jamaican furniture into the lucrative U.S. furniture market, which GIMCO has been specially set up to handle.

60 MORE ITEMS DROPPED FROM RESTRICTED IMPORTS LIST

Kingston THE DAILY GLEANER in English 25 Feb 83 p 12

[Text]

Sixty more items have been eliminated from the Restricted List of Imports as outlined in Ministry Paper No. 7, which was tabled in the House of Representatives on Tuesday, by the Minister of Industry and Commerce, the Hon. Douglas Vaz.

The items named in the Ministry Paper are: ladies shoes, except sandals; paper clips; umbrellas for beach and patio; children's shoes; sanitary napkins, excluding tampon type; plastic tumblers; bread pans, baskets and bins for household use only; mugs and jugs, excluding glass; butter dishes and keepers; bowls of all sizes and descriptions, excluding glass and ceramics;

Plastic funnels; coasters; ice buckets; condensers; colouring books, drawing books and scrap books, except types not made locally; exercise books; mattress springs; mattresses; Redwood louvre blades; nails and wire; paint rollers and trays; afro picks; air conditioning screens; ash trays; barbecue grills; mesh wire; battery accessories (terminal ends); business card holders; chamber pots; clipboards; clothes hangers, excluding skirt hangers; clothes pegs; egg cups; fish-live aquarium; garment racks; glass holders; handkerchiefs; key rings;

Lemonade sets; letter holders; luggage tags; lunch boxes; metal tool boxes; mop pails; mop wringers; napkin rings; passport cases; plungers; punch sets; show cases and store displays; telephone directory holders; tie wire twisters; travellers cheque holders; Venetian blinds; dish racks; asbestos pipes; bread racks; bun racks; night latches; tray stands.

THE ELIMINATION of these products is the latest phase in a programme of "progressive liberaliza-

tion" of import restrictions which was started by the Government in 1982 with the elimination of 64 items from the Restricted List. The list is to be reduced gradually over five years.

The list of items to be removed has been compiled following a study of locally-manufactured items and comparable imports, according to the Ministry Paper.

The Ministry Paper said that items to be eliminated are not expected to cause any serious dislocations to domestic industries. On the other hand, the removal of the quantitative restrictions on imports of these items should have the beneficial effects of:

(i) directing the allocation of resources to industries which have strong export potential and enhancing the structural adjustment of the manufacturing sector from production for the domestic market to production for hard currency;

(ii) reducing prices to the consumer and improving quality of locally manufactured items through increased production.

The Ministry Paper said that during the structural adjustment process some industries will inevitably be adversely affected, but, within the new policy environment, expansion of existing export industries, as well as establishment of new export industries, are expected.

A major element of the structural adjustment process is a re-allocation of resources, including human resources. New employment opportunities will be generated, with the success of the export thrust, the Ministry Paper said.

KILLINGS, OTHER CRIMES DECLINE, BUT STILL ABOVE '79 LOWS

Kingston THE DAILY GLEANER in English 3 Mar 83 p 1

[Text]

The number of killings of Jamaican citizens by gunmen declined again in 1982 over 1981.

According to the reports published in the *Gleaner*, there were 142 killings by gunmen in 1982 compared to 215 in 1981 and to 514 in 1980. But though this has been a dramatic improvement, the situation has not yet returned to the position in 1979 when there were 93 killings by gunmen.

Last year the most violent month in terms of killings by gunmen was in July when 23 people were killed, in February 20 were killed and in April 20 were killed. After July, the killing were reduced to eight in August, eight in September, three in October, six in November and nine in December.

But the society cannot take comfort from the above figures, for in 1982 there was an increase over 1981 in respect of killings other than by the gun; and these included mob killings by angry citizens as they caught thieves or gunmen. There were 226 such killings compared to 145 in 1981, to 143 in 1980, and to 91 in 1979.

With regards to members of the security forces killed the decline continued. Eight members of the security forces were killed last year compared to 11 in 1981 to 42 in 1980 and to 19 in 1979.

Overall the number of people killed criminally showed a marginal increase in 1982 over 1981, as there were 376 people killed compared to 371 in 1981. But this was a dramatic decline from the 699 killed in 1980, but much more than 203 killed in 1979.

With regard to citizens alleged to be criminals killed by the Police, there was a dramatic reduction

in 1982 over 1981. One hundred and fifty people were killed compared to 252 in 1981, and 234 in 1980, and 141 in 1979.

With regard to the total number of citizens killed whether by gunmen, other criminal means or by the Police, the totals were as follows: In 1982 there were 526 people killed compared to 623 in 1981 and to 933 in 1980, but nowhere near the lower figure of 304 for 1979.

With regard to armed and violent robberies, according to reports submitted by the Police Information Centre and published in the *Gleaner*, there was also a dramatic decline in 1982. There were 37 such robberies compared to 114 in 1981, 119 in 1980, and 97 in 1979.

The rate of reporting of rape and sexual assault continued to be low, because either they're not reported to the Police or if they are, the Police are not reporting them to the media. Thus, for the whole of 1982 there was only one report published, compared to none in 1981, seven in 1980, and none in 1979.

With regard to political attacks, in 1982 there were no anti-PNP attacks, and two anti-JLP attacks, both of which took place in December last year.

The conclusion to the above is that though crime continues to be on the decline, it is still very serious, and far too grave for comfort for a small society such as Jamaica.

JLP COUNCILLOR LOSES SEAT IN ST JAMES PARISH RIFT

Kingston THE DAILY GLEANER in English 11 Mar 83 pp 1, 17

[Text]

The rift within the all-J.L.P. St. James Parish Council erupted again yesterday in the wake of **Glaister Dehaney**, Councillor for the Rosemount Division, losing his seat for being absent from more than six consecutive regular Council meetings.

Sharp words passed at the Council meeting between Mayor **Shalman Scott** and Deputy Mayor **Princess Vernon**. Councillor **Danny Malcolm** described as "a total lie" comments from Mayor Scott regarding his knowledge of Councillor Dehaney's absence.

The public gallery of the Council Chamber was packed with party supporters, under the watchful eyes of armed police guards, as Mayor Scott presiding as Chairman of the Council, declared the division seat vacant.

According to Mayor Scott, of 14 regular Council meetings between January 1982 and February 1983, Councillor Dehaney was absent from 13.

Mayor Scott reported to Council: "One day in 1981 at a committee meeting I made casual and cool reference to Councillor Dehaney's lack of attendance which resulted in the following response from him, 'I am not a professional politician. I have my personal business to attend to'."

Mayor Scott said the legal basis on which Councillor Dehaney had lost his seat were to be found in Section 102 of the Parish Council's Act which states *inter alia*: "If any Councillor shall fail for a period of six months to attend a meeting of the said Council, his seat at the said Council shall, thereupon become vacant."

"The Minutes of the Council shall be conclusive evidence to the attendance of Councillors for the purpose of this section."

The Mayor said Councillor Dehaney "has not lost his seat because of knowledge or his ignorance of the law but rather because of his failure to attend regular Council meetings in 13 months out of 14 months." He then declared the seat vacant.

The Mayor then asked Councillor Dehaney to vacate his seat. This the Councillor did, gracefully bowing to the chair then moving to join party supporters in the gallery.

The Council meeting continued in an air of tension and hostility with Mayor Scott and Deputy Mayor Vernon shouting at each other.

Councillor Vernon questioned the competence of the Council's secretariat and was accused by Mayor Scott of "making a grand stand in here". He said the Deputy Mayor was only trying to draw a red herring over the trail when she asked why it was that the matter was not brought to Councillor Dehaney's attention before it was too late.

As the cross-talk continued, Deputy Mayor Vernon accused Mayor Scott of not having any interest in the party (J.L.P.) and the Council.

The Mayor retorted: "Whenever you want (with Chairmanship) you can come and take it and run it."

Councillor Vernon described the Mayor's action as a "gross embarrassment on the J.L.P. to which we all belong," and implored him to "stop embarrassing the Party."

Mayor Scott replied: "You are playing to the gallery, I have not embarrassed the Councillor. I am not the one who caused him not to come to meetings."

As the shouting and calling intensified some Councillor **Rupert Cousley** jumped to his feet and said he had not seen anything like that in his 20 years in the Council. He said he would not tolerate that type of behaviour from his colleagues and asked them to cease. At this point Mr. Dehaney exclaimed from the gallery: "The Councillor injured, he is not dead."

The argument did not abate until sometime later when the question of an appeal was raised. The Chairman adjourned the meeting to allow for private discussions on that matter and was left on his own while other Councillors met with Mr. Dehaney.

When the meeting reconvened Mayor Scott asked for a motion of appeal to which Deputy Mayor Vernon rose and replied: "Your Worship there is no such motion of appeal."

POLITICS INTRUDES IN MONTEGO ELECTRIC METER READING

Kingston THE DAILY GLEANER in English 1 Mar 83 p 3

[Text] A new and distressing problem has been created in the Montego Bay area by the Jamaica Public Service Company which is causing untold hardship to householders here.

This "new thing" has been described locally by some users of electricity supplied by the J.P.S. as a political trick by P.N.P. activists who are bent on destabilising the economy of the country.

They refuse to read the meters of subscribers as required by law on the grounds that they have no vehicles to take them around the different areas in addition to which they have been disallowed travelling or have had their travelling allowance drastically reduced.

The result is that householders have been billed monthly or by monthly estimated bills. Usually estimated bills are slightly higher than the true bills but at the whims and fancies of the meter readers the householders are suddenly presented with what is described as a "true bill" representing thousands of dollars.

The explanation of the J.P.S. is that "we have just been able to read your meter and we find that you now owe us this amount." The householder is usually given a maximum of three or four days to pay up or be disconnected.

One householder in the Montego Hills area has told me that she had her supply disconnected on February 15 although she had been given to the 17th of February to pay up several thousand dollars.

What is not quite clear is that if a householder had been paying in full each month the estimated bill how could any bill run into thousands of dollars in arrears at any given time.

The view is expressed that the local J.P.S. employees are bent on embarrassing the present Government by creating hardship for the people with the excuse that the Government was causing it. There is a general demand in Montego Bay for a thorough investigation into the performance of the J.P.S. in St. James and particularly in Montego Bay by Mr Pearnel Charles and the discontinuation of the practice of sending out estimated bills.

CSO: 3298/423

BRIEFS

CASSAVA FLOUR--Black River., S.E., Feb 17 (From our correspondent)--It has been reported that approximately 250 tons of cassava flour are now at the cassava factory at Goshen in St. Elizabeth and no suitable market can be found for it. The factory has had to be closed again, having been reopened about 6 months ago after being closed for about a year. Farmers were told not to plant any more cassava until a market has been found for the amount of flour now at the factory. When the factory was opened in 1979, the Jamaica Flour Mills purchased the cassava flour, blended 5% of this to 95% wheat flour and distributed it to the consuming public. It is understood that the Flour Mills has refused to buy any more cassava flour but no explanation has been given. According to sources close to the Ministry of Agriculture and the Ministry of Industry and Commerce, the Government is looking into the possibility of utilizing the cassava flour in the manufacture of cassava biscuits or in the making of macaroni. Meanwhile, the cassava farmers would like adequate compensation for the several hundred tons of cassava which they have lost during the period the Goshen factory was closed. [Text] [Kingston THE DAILY GLEANER in English 26 Feb 83 p 11]

AIRPORT RUNWAY IMPROVEMENTS--An area of 1,600 feet of the runway at the Norman Manley International Airport, Kingston, is to be resurfaced within three weeks. This time limit is included in a contract for \$437,233, signed on Friday at the Ministry of Construction between the Construction Ministry, the Ministry of Public Utilities and Transport and General Paving Company Limited, contractors. The area to be covered includes the ramp and that part of the runway toward the western end, according to a JIS release. A similar contract for improvement to a section of the Sangster International Airport in Montego Bay, was signed at the Ministry last month. Both projects form part of the Government's programme to improve the surface conditions of aircraft manoeuvring area at the two airports. Ministry of Construction, Hon. Bruce Golding along with the Minister of Public Utilities and Transport, Hon. Pearne Charles, and the Minister of State for Construction Hon. Robert March, approved the blueprint design by the Constructor Ministry. [Text] [Kingston THE DAILY GLEANER in English 9 Mar 83 p 12]

LOAN TO DEVELOPMENT BANK--A loan of US\$6 million has been made available to the National Development Bank from the Caribbean Development Bank to provide the financing of industrial development and for medium long-term subloans to persons and enterprises, for industrial purposes. Government has been asked to guarantee the loan, and a Ministry Paper to this effect was tabled in the

House of Representatives on Tuesday evening by the Minister of Labour and the Public Service, the Hon J.A.G. Smith, on behalf of the Prime Minister and Minister of Finance, the Rt. Hon Edward Seaga, seeking the House's approval for the guarantee. The loan is to be repaid in 48 equal and consecutive quarterly installments, and the first installment is due three years from the date of the first disbursement of the loan. Interest will be at a rate of 9½ percent per annum on the amount withdrawn and outstanding, and the National Development Bank will pay the Caribbean Development Bank a commission of 1 percent per annum of the amount of the loan withdrawn. The national Development Bank will also pay the Caribbean Development Bank a commitment fee of 1 percent on the amount of the loan unwithdrawn. [Text] [Kingston THE DAILY GLEANER in English 11 Mar 83 p 15]

CSO: 3298/425

COMPLAINT OF GUATEMALANS DISPLACING CHIAPAS WORKERS

Mexico City UNOMASUNO in Spanish 7 Feb 83 p 4

[Text] Agricultural workers from Chiapas requested intervention by Governor Absalon Castellanos to force owners of coffee and banana plantations to pay the regional minimum wage, and asked for help from the national senate and the National Peasant Confederation [CNC] to investigate a situation where Guatemalan refugees are being used as scab labor to displace local residents during the current harvest season.

The workers explained that Guatemalan refugees displaced by military repression in their country are ready to accept jobs "at any wages" in order to have an income of some kind and establish residency in this country, which means that some 75,000 Chiapas workers are being deprived of their sources of work, according to statements by the CNC's National Council of Union Representatives [CNRS].

Heladio Ramirez, president of the senate's Indian affairs committee, noted that in addition to exploitation and mistreatment, poor nutrition, and low wages for peasant labor in Chiapas, there is now the further problem of maneuvers by coffee and banana plantation owners to hire refugees for cheaper labor.

Ramirez explained that a committee of the National Federation of Agricultural Workers [FNJA] made up of representatives from the states of Sonora, Tamaulipas, Yucatan, and Sinaloa will meet less than 2 weeks from now with the governor of Chiapas and CNC leader Victor Cervera Pacheco as mediator, in order to seek urgent solutions to the minimum wage for the Chiapas region.

At yesterday's plenary session, Alonso Beltran, who represents Soconusco peasants, denounced the conditions of exploitation and repression imposed on Chiapas Indians by plantation owners, who use tactics inherited from the Porfirian era to pay workers who harvest bananas and coffee just enough to permit them to eat.

Alonso further requested intervention by the national senate in investigating the legal situation concerning exploitation of Guatemalan refugees, who, out of fear of returning to their own country, decide to seek jobs "at any salary" on local plantations.

Heladio Ramirez, president of the union of labor representatives, said that an interview will soon take place with senate leader Miguel Gonzalez Avelar to request that he send a commission to the border between Mexico and Guatemala to investigate charges.

9839

CSO: 3248/577

BRIEFS

CHIAPAS FOOD SALES TO GUATEMALA--Tapacholas, Chis.--The low guaranteed price for corn has encouraged middlemen and even growers themselves to engage in the none-too-edifying practice of contraband trade with neighboring Guatemala. According to reports by reliable sources, more than 200,000 tons from the summer-winter harvest have left the country at 25 pesos per kilogram, which may lead to corn shortages in the state of Chiapas. In addition, the illicit trade is lining the pockets of middlemen who pay producers between 10,000 and 11,000 pesos per ton, which makes it easy for them to buy, since they are paying more than the guaranteed price of 8,850 pesos per ton. Side by side with this practice, petty contraband in staples and non-staples along the border has led to scarcity of many goods, to the detriment of the local population. Finally, it has been said that it will be necessary to take drastic steps to stop the smuggling that goes on with the authorities' tacit consent, for it is infantile to imagine that this illicit activity can be going on without officials' knowledge. [Text] [Tuxtla Gutierrez LA VOZ DEL SURESTE in Spanish 11 Feb 83 p 1] 9839

ILLEGAL SALE OF BIRTH CERTIFICATES--Matias Romero, Oax.--Noe Fuentes Santiago and Luis Escobar Garcia, former secretary and syndic, respectively, of the municipal government of Matias Romero, Oaxaca, have been arrested by the federal judicial police for having issued illegal birth certificates to Central American immigrants in our country. Both local officials were taken to Tapachula, Chiapas, where one of their Central American customers fell into the hands of the Federal authorities, leading to their immediate arrest. The truth is that Noe Fuentes Santiago, who had worked for the city for many years, seized official seals and blank certificates, and with the help of Luis Escobar began "manufacturing Mexicans," naturally for a certain consideration that varied according to the customer. The curious thing is that it was very easy to issue the certificates in the name of deceased persons, with the understanding that no two names ever came out the same. They were thus able to fool the authorities for a long time, but one of their customers, as noted above, was able to conceal his foreign origins in Tapachula, where the immigration authorities are stricter. He thus fell into the hands of officials, and after severe interrogation, revealed the identity of his benefactors, who will now pay for their crime with a long prison term. [Text] [Tuxtla Gutierrez LA VOZ DEL SURESTE in Spanish 21 Jan 83 p 8] 9839

CSO: 3248/577

ARUBAN CONCESSIONS SEEN AS KEY TO ROUNDTABLE SUCCESS

Rotterdam NRC HANDELSBLAD in Dutch 14 Mar 83 p 3

/Article by Frans Kok: "Croes' Concessions Bring Agreement"/

/Text/ The Hague, 14 March--"Today at the roundtable conference it will be 'Betico's day,'" exclaimed the Aruban leader, Betico Croes, on Antillian Radio Thursday morning like a battle cry. He turned out to be right: it was Betico's day. But not the way he had anticipated.

After several hours of hard sparring, he was compelled to accept in all points the economic and monetary union which he had opposed. In exchange for this, he won the right for Aruba to have its own currency system. Given the restrictions, however, the currency can have little more than symbolic meaning.

Croes' mandate--agreed upon by Aruban parties shortly before the conference--stated that Aruba could never accept the severe conditions for economic and financial cooperation with Curacao. Agreement was reached that Aruba is finally out from under Caracao's yoke, but accept a common tax and custom system and work with Caracao in areas where there has been no cooperation for years because of their quarrels.

Croes might not get a hero's welcome upon returning home with the separate status agreement. Especially since he also had to accept a legislative authority for the new common union parliament, likewise forbidden by his mandate.

On 29 April, elections will be held on the Antilles for the island councils: the local parliaments. The Aruban citizens will then let it be known if they forgive Croes for his willingness to make these concessions because they perceive the historical agreement on separate status as more important. Croes' major opponent, Henny Eman of the somewhat more moderate Aruban Peoples Party, is confident now that he will profit from the compromises that Croes was forced to accept Saturday. Eman was less boastful than Croes and the conference result is in closer accord with his party's policy.

Excuse

Croes has a good excuse. The Dutch position at the negotiations was unyielding on the subject of the economic union, and there was nothing else that Croes could do. The Dutch delegation--supported by nearly all the Chamber parties--was

determined to do away with the nagging Aruba question at this conference without making any significant concessions on the conditions. Croes remarked Tuesday and Wednesday in the intervening executive session that Minister De Koning was, as he put it, "hard as nails."

Somewhat disturbed by this Dutch pressure, he was very gloomy Wednesday evening about his own chances. He had recovered his full confidence for the home radio talk Thursday when he declared that he too would be hard and even scuttle the conference if necessary.

Inside the conference he seemed to be doing just that. The tension was growing, until Lubbers suggested the three Aruban parties confer in private session. Croes afterward made a fiery speech, causing the members to wonder what would happen. At the very end of the speech, he informed the conference that Aruba accepted all seven conditions for the economic union. A politician to the core, he understood full well how far he could go.

Ritual

This rescued the conference. The clashes and conflicts during the following days were mostly ritual, necessary in Caribbean politics to convince the constituency at home that the result had been literally snatched away from their political opponents at the gates of hell.

On the first day of the conference, the Netherlands had produced a favorable climate by readily agreeing to the separate status principle for Aruba. Even the time frame was generously extended by 3 years beyond what the Biesheuvel Commission had recommended. These added 3 years were not meant as a favor to Aruba, but simply to leave open the possibility that the other five islands would follow Aruba's example. The Netherlands with this gesture can exert pressure to persuade the other islands to join during the 13-year lead time.

Praise for Lubbers

The participants were unanimous in their praise for Lubbers, who as an impartial chairman contributed to the success of the conference in a major and almost decisive way. He was often able to articulate the issues in a clear, unexcited and factual manner and thus restore balance to the sometimes emotional discussion. He astounded the delegates with his vast knowledge of the material, a knowledge he was able to acquire only in the past several months.

"It seems that he has all the reports of the past 15 years from A to Z in his head," said Lourens, the Curacaoan delegation leader, on Friday.

On Tuesday, Lubbers committed a minor slip which quickly taught him how diplomatic things must be done in this insular hornets' nest. When on Tuesday the plenary discussion on the sticky point of economic cooperation between Aruba and the others threatened to stall at any moment, he proposed that the talks be continued in closed session with De Koning, Martina and Croes. "Mr Chairman," answered a crestfallen delegate leader from one of the

Windward Islands, "if you do that, we'll fly home this very day." Realizing that any one of the participants would be able to block the conference outcome, Lubbers decided on the spot to bring the executive session to full strength.

This Friday, 18 March, Aruba celebrates its national holiday. And already some on the island are asking to move the date beginning separate status from 1 January to 18 March 1986. They are hoping that a few months more or less will not make any difference to the Netherlands.

No one should be surprised, then, if the first minister-president is Betico Croes. It seems to be a good time for the man who now still bears the honorary title of "general advisor" to swap his second-level position of power for the premiership. The currency which he successfully advocated with such enthusiasm is being ironically called the "Croesero."

Remarkable

It is remarkable, too, that Curacao has managed with such skill to keep out of the discussion on independence. No one knows if this will change in the coming years. In his opening address, De Koning stated that, as soon as the Aruban question is settled, the Netherlands will begin to consider the independence of the others.

Because of the obstinacy of Curacao and, particularly, of the small vulnerable Windward Islands, the completion of the Aruban effort to gain independence seems simply child's play when compared to the process which the remaining islands must undergo in the coming years for their independence.

9992

CSO: 3214/19

DUTCH PAPER VIEWS FUTURE OF ARUBA, CURACAO

Rotterdam NRC HANDELSBLAD in Dutch 14 Mar 83 p 7

[Article: "Aruba"]

[Text] The Round Table Conference about the independent political future of Aruba was, after a long week of negotiations, concluded successfully, in spite of the fact that pessimism threatened to become predominant at one point. The constructive drafting presented by all of the delegations fortunately won out over the desire to stir up old feuds for the rank and file, with a view to the approaching local elections.

On 1 January 1986 Aruba will get a position of its own within the statute of the Kingdom, and will thereby leave the Antillian political connection. Independence is to come 10 years afterward. It so happens that the relations between Aruba and Curacao, the main island, were already practically nonexistent during the last several years. The exit of Aruba, accordingly, really merely confirms the existing situation.

The idea of an exit of one of the Antillian islands on its own volition was rejected in the Netherlands as definitely undesirable as recently as a few years ago. The objections at that time were not imaginary and are in part still valid. But the sense of reality dictates adjustment to a situation in regard to which those who are most directly involved have now reached agreement.

The wrangling between Aruba and Curacao, furthermore, crippled the administration of the country and diverted attention from serious problems such as the economic crisis and the political future of the Antilles as a whole. It is well that this appears to have been terminated.

It is true that a number of sensitive problems still remains to be solved during the next two and a half years, but the political goal toward which efforts have to be directed is now quite clear. After years of noncommittal summit consultation, the Gordian knots have now at last been cut. For this, and especially for the competent manner in which Prime Minister Lubbers and Minister De Koning have led the conference to a satisfactory conclusion, the government of the Netherlands deserves all praise.

A little more than a year ago we called the striving of Aruba toward independence "a risky adventure." The risks do not seem to have decreased; to the contrary. The developments in Surinam and the war about the Falkland Islands have once again indicated the threat of instability and foreign aggression to ministates such as Aruba.

It would therefore be well if both Aruba and Curacao would loyally exert themselves toward making a success of political and economic-financial cooperation. Thirteen years should be enough, also for the rest of the islands, to bring about a more durable (commonwealth) relationship which could guarantee a stable position in the Caribbean area for the Antilles, also after detachment from the Netherlands.

5742

CSO: 3214/20

MINISTERS ON 'FACE THE PEOPLE' PROGRAM

PA242110 Managua Sistema Sandinista Television Network in Spanish 0100 GMT
22 Mar 83

["Face the People" program with Sergio Ramirez Mercado, member of the Junta of the Government of National Reconstruction of Nicaragua; Ivan Tercero, deputy health minister; Rodrigo Cardenal, deputy transportation minister; Francisco Guzman, deputy education minister; Carlos Tunnerman, education minister; Nathan Sevilla, secretary general of the National Association of Nicaraguan Teachers; Wilberto Lara, president of the National Union of Farmers and Cattle-men, and others at the Maestro Gabriel Institute in Managua on 18 March--recorded]

[Excerpts] [Ramirez Mercado] We have said many times and you know that every real revolution causes a counterrevolution. We all know that after the revolutionary triumph, imperialism would once again use the weapon it always had to control Nicaragua: the National Guard, the genocidal and assassin guard. Therefore, it is not surprising that we are now currently facing that criminal and assassin guard protected from Honduras by the same imperialism. It is not strange that this aggression is not only military but also economic, political and diplomatic. If this were not a true revolution and if it were not keeping its promises and the ideals for which so many people in this country were killed, tortured, burned alive and bombed by the genocidal guard, it would not be challenged and perhaps we would now be receiving the applause of Mr Reagan and the genocidal guardsmen. It is not receiving this applause precisely because it is a true revolution. We must state that the fact that we are having this "Face the People" program with you today demonstrates the firmness of our revolution and shows that in any situation we are going to continue onward, implementing the tasks of the revolution in education, health, well-being and housing, because that is the goal of the revolution.

[Question] My name is (Andres Obando) and I'm a salesman for the (Plaibo) Factory. I bring greetings from the companero students of (Plaibo). In what specific way would the Central American region be affected if the U.S. Congress approves the \$110 million for the Salvadoran Government?

[Ramirez Mercado] Well, companero, as we all know, the Reagan administration and Mr Reagan personally have asked the U.S. Congress to authorize an additional \$120 million to finance the war against the Salvadoran people and to

enable the Yankee government to give more training to the Salvadoran Army. They are even thinking of training men in Honduras. They also plan to supply a lot more ammunition, automatic weapons, airplanes and bombs as well as to bring more military field advisers into El Salvador.

So far, this war against the Salvadoran people has cost the Yankee government over \$80 million. They are now talking about an additional \$120 million. This is exactly what happened in Vietnam when the U.S. Government became involved in that war.

The U.S. Government first said it was sending a few military advisers. Later it said that number was insufficient and had to be doubled or tripled. Then it said that more Vietnamese soldiers had to be trained and that it had to supply more weapons and planes. When the Vietnamese soldiers failed, U.S. soldiers were sent to support them directly so that the war would not be lost.

We already know how the Vietnam war ended. This isn't a story that Nicaragua make up. Mr Reagan is being told this in the United States. Mr Reagan is following the steps taken by other U.S. Governments regarding Vietnam. There was a point during the Vietnam war, at the time of the Managua quake in December 1972, when thousands of tons of bombs were raining down on Vietnam, dropped by Yankee B-22 bombers. The world did not hear much about this because the earthquake made news all over the world. Many people are unaware that in Vietnam the Yankees dropped more bombs than the number dropped throughout World War II.

Despite this, you have that free and sovereign country which Commander Daniel Ortega is visiting. The Vietnamese people defeated imperialism. This isn't a result of \$10 million, \$120 million, \$1.9 billion or \$100 billion. A moment comes when a people cannot be defeated even if all the millions of dollars in the work were invested. This is what unfortunately, or fortunately according to your viewpoint, the Yankees have been unable to understand is occurring in El Salvador.

In Vietnam, they defended an unpopular government that was rejected by all the Vietnamese people. In Vietnam, they tried to hold elections, held those elections and elected a president who was not accepted by anyone. They advanced those elections. The difference now, of course, is that Mr Reagan is saying they are doing all of this because they are protecting their fourth border. They say that Mexico is not their border. They say that the U.S. border is Central America and that they are not going to permit guerrillas to establish a new communist government in El Salvador like that in Nicaragua. That is why they say they are requesting an additional \$120 million. They are not offering the Salvadoran people \$120 million in food, medicine, roads, agricultural tractors, fertilizers or seeds. No, they are offering it in weapons, bullets and military advisers. The \$120 million is not a lot for the United States. A transnational company that exploits the poor people earns that amount in 1 hour or 1 minute. But for a country like El Salvador or Nicaragua, \$120 million is a lot of money. Imagine what \$120 million would represent to us. For example, it would mean at least 2,000 eight classroom schools. This is just a rough estimate. It could also represent 20 200-bed hospitals.

With that amount we could install a new and fully equipped hospital in each departmental capital in Nicaragua. We could build 4,000 health centers or 10,000 rural health posts in the most remote places. With that money all the children of Central America could be vaccinated against polio during 5 years, let us say. We who spend \$40 million in medicines a year could buy all the medicine that our people need for 3 years.

This is not the logic of imperialism. The imperialist logic is to think that by giving more weapons, ammunition, training, planes, bombs and cannons, they are going to defeat the Salvadoran people. The only difference is that when the Salvadoran people win that war—because they will be impossible to defeat—they will have a lot of military supplies as occurred with Vietnam. When the United States fled Vietnam and when the reactionary army that the United States supported to the last minute fled the same as the Somozist guardsmen, hanging on the to the helicopters and airplanes, they left abandoned in Vietnam thousands of tanks, hundreds of airplanes and hundreds of thousands of rifles.

This is the direction in which things are going in El Salvador because Mr Reagan already said they are not negotiating. The U.S. legislators are calling for negotiations with the guerrillas, but he says no because the only solution is a military victory. Mrs Kirkpatrick, Reagan's ambassador to the United Nations, said in a public statement: We are determined to win the war; we are not going to negotiate. She added: When we say we, we are referring to the Salvadoran Government. Therefore, that mentality is incompatible with the mentality of the Central American peoples. When they think of \$120 million, they are thinking of weapons of destruction, death, murder and crimes, and when we think of that money we think of hospitals, schools, health centers and vaccinations.

CSO: 3248/638

CALERO, LACAYO PROPERTY INTERVENED BY STATE

PA231413 Managua Domestic Service in Spanish 0300 GMT 23 Mar 83

[Text] Certification

The Justice Ministry, in exercising its powers and according to instructions issued by the Junta of the Government of National Reconstruction, decides:

1. To confiscate all the property of Adolfo Calero Portocarrero, member of the counterrevolutionary movement Nicaraguan Democratic Force, FDN, directorate, which is directly responsible for the crimes committed by the bands of former Somoquist guards who have infiltrated our national territory.
2. To investigate effectively all of Calero Portocarrero's assets. To prevent concealment of his assets in Nicaragua, it is necessary to intervene, in a preventive manner, all enterprises in which he participated or held ownership.
3. Due to the financial, administrative and work links existent for the past few years between Calero Portocarrero and (Manuel Ignacio Lacayo Teran), to proceed to intervene the property of (Lacayo Teran) to determine Calero Portocarrero's rights over this property.

Hereby:

1. All assets and belongings of counterrevolutionary Adolfo Calero Portocarrero are confiscated. They will be placed under the appropriate entities.
2. Intervention and holding of all businesses in which known counterrevolutionary Calero Portocarrero had any participation, and which are further identified, while the investigation to determine his assets lasts. The intervened businesses are:
 - A. Distribuidora (Alke), S.A.
 - b. (Posada del Sol), Hotel Camino Real
 - c. Embotelladora Milca, S.A.

3. Intervene and hold the property of (Manuel Ignacio Lacayo Teran) to determine counterrevolutionary Calero Portocarrero's rights to it.

4. All transactions carried out by this individual are hereby rendered null as of December 1977.

5. The Domestic Trade Ministry is appointed controller of the property mentioned under letter a; letter b is to be controlled by the Institute of Tourism; and letter c, by the Industry Ministry.

6. The controllers are hereby authorized to continue administering the intervened enterprises in the same manner and with the same personnel as to date, as long as this does not affect the correct management of the enterprise or the investigations. This authorization includes the directors or board of directors of these enterprises who are authorized to protect their own interests.

To be published and complied with.

[Date] Managua, 21 March 1983

[Signed] Justice Ministry, Carlos Arguello Gomez, Minister

CSO: 3248/638

PEACE GROUP ON U.S. CHEMICALS IN EL SALVADOR

PA302209 Managua EL NUEVO DIARIO in Spanish 25 Mar 83 p 7

[Excerpt] Commander Olga Aviles, president of the Nicaraguan Peace Committee, CONIPAZ, has charged that U.S. imperialism, which is supporting [Salvadoran President Alvaro] Magana's criminal regime, is experimenting with chemical elements in a place called "La Reina" in Chalatenango to pollute the rivers and cause illnesses among the peasants who live in the FMLN controlled areas. She also charged that 200 children were seriously affected by chemical substances after an indiscriminate bombing of the Salvadoran civilian population.

Marianella Was Murdered

Commander Aviles said that Marianella Garcia Villas, president of the Salvadoran Human Rights Commission, was investigating the use of those chemicals that U.S. imperialism is using in El Salvador when she was brutally murdered along with 30 peasants.

Commander Aviles made this charge and condemned the vile assassination of Garcia Villas at an event held in her memory last night in the Neysi Rios auditorium at the UECA [Central American University]. The event was sponsored by the CONIPAZ, the heroes and martyrs CONAPRO [Confederation of Nicaraguan Professional Associations], member of the World Assembly for Peace [Asamblea Mundial por La Paz], and members of the National Commission To Promote and Protect Human Rights.

CSO: 3248/638

BRIEFS

SRV SOLIDARITY MESSAGE--The Foreign Ministry of the SRV has sent a message to the Nicaraguan Foreign Ministry expressing the Vietnamese people's militant solidarity with the Nicaraguan people. Here is the text of the Vietnamese Foreign Ministry's message: In view of the interventionist and aggressive escalation against Nicaragua, the SRV Foreign Ministry energetically condemns and demands that the United States, the main perpetrator, and the Honduran reactionary administration put an immediate end to their vile criminal actions. The SRV Government and people again reiterate their unyielding militant solidarity and total support for the Nicaraguan people's just cause of national reconstruction and defense. They are sure that the sympathy and support of the socialist and Latin American countries and all progressive humankind, the Nicaraguan people will surely crush the enemy's aggression, firmly defending their homeland's independence, sovereignty and territorial integrity. [Issued] Hanoi, 24 March 1983. [Text] [PA301811 Managua Domestic Service in Spanish 0300 GMT 30 Mar 83]

HARVEST FIGURES--This year Nicaragua has obtained the most abundant harvests of major agroexports and basic grains despite weather problems and attacks, Jaime Wheelock, minister of agricultural development and agrarian reform, announced. He described the 1982-83 agricultural cycle as successful. He said sugar production will total 5.4 million quintals; cotton, 350,000 bales; coffee, 1.45 million quintals; and meat exports have exceeded 10 million pounds. This increased production, Minister Wheelock explained, will provide the country with an additional \$43 million in export revenues, which totals over \$400 million. [PA251306 Managua Radio Sandino Network in Spanish 1200 GMT 24 Mar 83]

USSR CULTURAL EXCHANGE AGREEMENT--Nicaragua and the USSR have signed a cultural exchange agreement. The USSR donated painting and art supplies to the Nicaraguan Cultural Workers Association, while Nicaraguan artists will attend a cultural symposium in the USSR later this year. [PA192302 Managua EL NUEVO DIARIO in Spanish 11 Mar 83 p 6]

TRADE WITH BULGARIA--The Nicaraguan-Bulgarian Joint Committee on Trade and Technical Relations has reported that the two countries will carry out 89 projects in the next 3 years. During 1983-84 Nicaragua will export \$37.5 million in agricultural and other products to Bulgaria, and will import medical supplies and machinery. [PA192302 Managua BARRICADA in Spanish 13 Mar 83]

BULGARIAN TRAINING PROGRAM--Nicaragua and Bulgaria have recently signed an agreement whereby at least 5,000 Nicaraguan workers will be trained in Bulgaria. The training program includes skilled workers, technicians and engineers. The first 500 to be trained will work on the Ye Ye River dam project. [PA192302 Managua EL NUEVO DIARIO in Spanish 15 Mar 83 pp 1, 8]

CSSR POWERPLANT CONTRACT--The Nicaraguan Energy Institute has signed a contract with the Czechoslovak firm Pragoinvest for equipment and spare parts for electric plants. This is part of the transaction whereby a \$1.5-million credit line was granted to purchase 6 plants of 608 kw, 8 of 1,300 kw and 9 of 180 kw. The plants will arrive in Nicaragua this year and the next and will be installed in various Atlantic coastal areas. [PA182229 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 18 Mar 83]

BROADCAST RECORDER SENTENCED--Juan Jose Espinoza Carvajal, 37, a radiotechnician from Managua who used to record the broadcasts of clandestine stations Voice of Sandino and Radio 15 September, has been sentenced to 2 years of imprisonment and forced labor by the authorities. Espinoza Carvajal was accused last year of violating the law on the maintenance of order and public security. The accused claimed that he recorded these broadcasts so he could listen to them but, according to the authorities, Espinoza Carvajal's actions were intended to create chaos and destroy peace in Nicaragua. [PA202105 Managua EL NUEVO DIARIO in Spanish 11 Mar 83 p 12]

PEACE CONFERENCE DELEGATION--Commander Olga Aviles Lopez, executive president of the Nicaraguan Peace Committee, CONIPAZ, departed for Mexico today to participate in an international conference on human rights, disarmament and life. The 2-day conference begins today and will be attended by representatives from various countries that are victims of imperialism's attacks in Latin America, Africa and other parts of the world. Yadira Centeno, president of CONIPAZ Juridical Commission, accompanied Commander Aviles Lopez. [PA170045 Managua Radio Sandino in Spanish 1830 GMT 16 Mar 83]

CSO: 3248/638

COMMISSION REPORT ON MASSACRE OF JOURNALISTS IN UCHURACCAY

Lima EL COMERCIO in Spanish 5 Mar 83 pp A-6, A-7, A-8

[Text]

Lima
March 1983
Fernando Belaunde Terry,
Constitutional President of Peru

Mr President:

In fulfillment of the mission with which you entrusted us ("to conduct whatever investigations you deem appropriate and to issue a report on the incident that took place in Uchuraccay, during which eight Peruvian journalists were slain, as well as on its background and consequences"), we are honored to submit to you, on schedule, the following report, which summarizes our investigations into and conclusions about the tragic incident.

The report is divided into four parts. The first, entitled "How It Happened," reconstructs as objectively as possible the preparations for the journalists' expedition, their itinerary, incidents en route, the event itself and the developments immediately after it. The second part of the report, under the heading "Why It Happened," outlines the political, social, psychological and historic context, which in the commission's judgment is indispensable to a full understanding of what happened.

The third part comprises the reports of anthropologists Drs Juan Ossio, Fernando Fuenzalida and Luis Millones, jurist Dr Fernando de Trazegnies, psychoanalyst Dr Max Hernandez and linguists Drs Rodolfo Cerron Palomino and Clodoaldo Soto, who, like attorney Ricardo Valderrama, generously agreed to advise the Investigating Commission during the course of its work and whose counsel, opinions and knowledge were of invaluable assistance to us. The commission would like to stress, however, that the conclusions of the report are the exclusive responsibility of its three members and in no way compromise these distinguished intellectuals, whose competence, devotion to service, integrity and generosity we would like to acknowledge publicly here.

The fourth part consists of the taped and transcribed versions of the information that the commission received from 42 individuals (or groups of individuals), from the community of Uchuraccay, of the documents submitted to the commission and of the photographs taken during the course of the investigation by Mr Roger Reyna, the commission's graphics adviser, who was appointed by the Association of Photojournalists of Peru.

The commission would like to express its thanks for the assistance and cooperation it received from many institutions and individuals. With only three exceptions, in fact, all of the citizens whom we interviewed agreed to provide us information or furnished us with written or pictorial documents. As far as the authorities were concerned, they allowed us to examine material, some of it confidential (such as operations bulletins and intelligence documents), without which our work would have been absolutely impossible. The commission would like to underscore the fact, which is of great democratic significance, that perhaps for the first time in the history of the republic, civilians and military personnel, members of the administration and of the opposition, officials and private citizens agreed to appear before an independent commission devoid of any legal or police jurisdiction, without any sort of coercive powers and whose only reason for existence was to help establish the truth about an incident, as the national conscience and world public opinion were urgently demanding.

So that you, Mr President, and our fellow citizens can precisely gauge the degree of certainty and conviction or uncertainty and doubt with which the commission has arrived at its conclusions about the issues in question, we will use the following three categories in this report to describe each one of the findings, interpretations or documents to which we will refer: "absolute certainty" for findings that in the judgment of the commission are incontrovertible and irrefutable; "relative certainty" for findings that although they seem quite probable and possible in the commission's judgment, nevertheless suffer from some degree of vagueness or uncertainty, and "doubtful certainty" for findings that admit different and equally persuasive interpretations or that, in spite of its efforts, the commission has been unable to corroborate, rectify or rule out.

How It Happened

i. How, where, when and among whom was the journalists' trip prepared?

The commission is "absolutely certain" that the expedition was decided on once and for all on Tuesday 25 March and that a decisive factor in arranging for it was the fact that Amador Garcia, a photojournalist from the magazine OIGA, arrived that morning by plane in Ayacucho from Lima. This does not mean that this was the first time that his colleagues considered the idea of a trip to the interior of the department. Such a trip had been the ambition of many special correspondents and newsmen in Ayacucho since the authorities disclosed on 23 January the death

of several members of Sendero Luminoso [Shining Path] in communities in the Huanta highlands (more precisely in the community of Huaychao).

The news of the slaying of Shining Path members by Huaychao residents had been received somewhat skeptically by certain journalists. To others, who were politically and ideologically neutral, the chance to verify or disprove the incident or to illustrate or amplify it with precise information was a powerful incentive. Nevertheless, the plans for the trip to Huaychao (the only spot where official information had until that time indicated clashes between residents and terrorists--information that was incorrect, as we will see later) did not work out before Tuesday the 25th, probably because of the logistic problems involved in traveling to such a remote spot and perhaps because of the views of newsman Luis Antonio Morales, the DIARIO DE MARKA correspondent in Ayacucho, who asserts that he tried to discourage his colleagues from making the trip to Huaychao, which he regarded as too long and risky (The commission is "relatively certain" that his testimony is correct).

But the enthusiastic, headstrong Amador Garcia revived the plan, caught his colleagues up in his enthusiasm, and it took them just a few hours, between the morning and afternoon of that Tuesday, to decide to make the expedition.

The preparations were begun feverishly and enthusiastically that same morning at the "Santa Rosa Inn" by Jorge Sedano of LA REPUBLICA, Eduardo de la Piniella and Pedro Sanchez of DIARIO DE MARKA, Willy Reto and Jorge Luis Mendivil of EL OBSERVADOR and two other newsmen who for various reasons later refrained from taking the trip, Jorge Torres of the magazine GENTE and Javier Ascue of Lima's EL COMERCIO.

The commission is "absolutely certain" that the trip was not prepared secretly but rather in the public light and that its objective (to reach Huaychao to verify the killing of Senderistas by local residents) was discussed by the participants and various witnesses inside and outside the Santa Rosa Inn that Tuesday. The commission learned, for example, that early Tuesday afternoon Amador Garcia sought to have Mario Cueto Cardenas, the correspondent of Channel 5 and OIGA, join the expedition, but he declined due to work commitments.

2. Does this mean that the Ayacucho authorities knew of the plans for the trip in advance?

The highest ranking authorities in the Emergency Zone, such as Gen Clemente Noel, commander of the Political-Military Zone, the commander of the Civil Guard, Col Pedro Benavides and Col Victor Pizarro de los Santos, commander of the PIP [Peruvian Investigative Police] in Ayacucho, emphatically assert that they had no prior knowledge of the planned trip. The commission is "relatively certain" that this is true. The slight degree of doubt stems from an unverifiable contradictory testimony in this connection: Newsman Uri Ben Schmucl of OIGA telephoned Commander

Eulogio Ramos, a communications adviser to the Interior Ministry, from Lima at 7:00 am on Tuesday the 25th to inform him of Amador Garcia's planned trip to Huaychao and to ask him for help and protection. Commander Ramos offered to immediately telephone the Ninth Police Headquarters of Ayacucho to convey the request, but according to his testimony did not do so that same day because communications with Ayacucho were interrupted. Thus, he just sent a radio message to the Ninth Headquarters on Wednesday morning (in other words, after the expedition had already left), requesting assistance for Amador Garcia but without specifying the nature of the mission that he was on. Now then, according to Col Pedro Benavides, the radio message never arrived at the Ninth Headquarters, nor did Amador Garcia show up there.

The commission does not rule out the possibility that lower-level officials and officers heard tell of the trip that was being planned, especially since PIP officials, in addition to many newsmen, were staying at the Santa Rosa Inn, but did not attach much importance to it or inform their superiors of it. Our assumptions are based on the fact that other such expeditions, perhaps as dangerous and in areas as remote as this, were undertaken by newsmen in more or less the same way without prompting great concern among the authorities or inducing them to take special precautions. The commission is referring, for example, to two trips from Ayacucho by DIARIO DE MARKA newsmen Pedro Sanchez and Gerardo Torres and by Torres and Severo Guaycochea to places in which armed clashes had taken place and which could therefore have been regarded as unsafe.

3. Before the Departure

Taxicab driver Salvador Luna Ramos, who had previously provided services to some of the newsmen planning the trip, was summoned for the first time in connection with the expedition on Tuesday the 25th before noon. A group including, as he remembers, Jorge Sedano and Amador Garcia, spoke to him in vague terms about a trip to Yanaorco, asked him to quote a fare and said that they would confirm the arrangement later that day. At that time, Luna Ramos asserted, the newsmen did not mention their intention to go all the way to Huaychao, nor did they bring it up when they returned at 5 that afternoon to confirm the trip to Yanaorco (where a microwave tower had been attacked several times by Sendero Luminoso) and deliver him his advance of 15,000 soles on the 30,000 for which they had contracted his services. Salvador Luna agreed to pick up the newsmen at the Santa Rosa Inn at 5 in the morning.

Preparations for the trip were intensive throughout Tuesday afternoon and evening. De la Piniella obtained a map, which the travelers studied at a table in the inn. That evening two journalists from Ayacucho, Felix Gavilan and Octavio Infante, joined the journey, and their involvement, especially Infante's, was decisive in establishing the itinerary. The mother and maternal family (the Argumedos) of the NOTICIAS editor lived in Chacabamba, a small town near the foothills of the mountains on whose desolate plateaus were located the communities of Huaychao and Uchuraccay.

At Infante's suggestion, the newsmen decided to take the Tambo Highway to a spot near Tocto lagoon (Toctococha) and very near Yanaorco, whence they would travel on foot to Chacabamba to ask Infante's half-brother, Juan Argumedo, a local, to help guide them to Huaychao.

Some of the newsmen spent Tuesday afternoon buying things (slippers, pullovers, raingear), and two of them later went to the movies. All indications are that although the members of the expedition were excited, impatient and anxious to make the trip, none of them suspected the extremely grave risk that they were about to run and, therefore, did not have the slightest idea of what was happening in the Iquicha communities in the Huanta highlands at that time.

4. The departure from Ayacucho

The driver, Salvador Luna Ramos, showed up at the Santa Rosa Inn at 5:20 Wednesday morning and was received by Jorge Sedano, who was already up and around and in an excellent, spirited mood. They had agreed the night before that seven journalists would be taking the trip, but Sedano told the driver that morning that eight would be coming.

The newsmen left the Santa Rosa Inn some 10 minutes later. They were seen off by Jorge Torres, from GENTE, who decided not to accompany them and at whom they directed a few jokes. Good humor was to be the hallmark of the travelers until they got out of the taxi a couple of hours later.

From the inn they headed towards Bellido Street to pick up Infante. They then stopped at the Ovalo de Magdalena to buy cigarretes, milk, cookies and other provisions.

It was about 6:30 in the morning by the time that the taxi left Ayacucho.

5. Were they stopped at any police checkpoints on their trip?

The travelers were stopped at only one checkpoint: as they were leaving Ayacucho, the police roadblock at Magdalena. This checkpoint was more symbolic than real. The driver barely slowed to a halt in somewhat congested traffic, and when the guard approached, the passengers identified themselves as newsmen by showing their ID cards, which he neither examined nor checked, merely telling them to "go on through." (In its travels outside the city of Ayacucho the commission discovered how superficial, if not useless, these road checkpoints are. It also discovered that there is no other checkpoint between Ayacucho and the place where the newsmen got out of the taxi. The statements in some newspapers that there is a police roadblock at Yanaorco are groundless, because the tower, though it is visible from the highway, is some 2 kilometers off, on a peak that can be reached by a turnoff that the newsmen did not take). The commission is "absolutely certain" that the authorities in the Emergency Zone could not, therefore, have been informed as to the movements or the destination of the journalists on their trip.

6. Had the objective of the trip been spelled out?

Luna Ramos asserts that he was hired by the newsmen to take them to Yanaorco and that only from their conversation en route did he find out that they intended to reach Huaychao. The Investigating Commission is "relatively certain" that his testimony is accurate.

The newsmen also apparently wanted to verify whether the Yanaorco microwave tower had been blown up by Sendero Luminoso, because when they noticed that it was undamaged, they exclaimed: "They lied to us." But what they had been told had a basis: the military dispatches indicated that the tower had been attacked on the night of 22 January.

7. Breakfast at Paclla

Before reaching Yanaorco, the travelers stopped in the hamlet of Paclla at about 7:30 to eat breakfast. Their 1-hour trip had been festive and cordial. They joked and laughed, telling De la Piniella, for example, who was wearing a green jacket, that wearing that he could be mistaken for a "terruco" or a "Sinchi" (Civil Guard special forces).

The newsmen breakfasted on chicken broth in Paclla. Meanwhile, the driver went off to fill a gallon water container in a nearby brook. When he returned, the newsmen were taking photos, and one of them, Willy Reto, even climbed up on a rock to get a better perspective of the group. They spent almost a half-hour, perhaps, in Paclla.

When they arrived at Yanaorco, the newsmen saw that the tower was intact and asked their driver to take them there along the detour. But Luna Ramos refused, because of the rough terrain and because he assumed it was risky since the tower had been hit several times. His refusal did not matter much to the newsmen, who asked him to go a bit further along the highway, pass the lagoon and stop some 700 meters beyond, at a spot that the Investigating Commission has identified and from which they would head off on foot to Chacabamba in search of Juan Argumedo.

They were to walk along a trail with unsure footing, not a road, however. The Investigating Commission has gathered testimony according to which the men of the region usually take this shortcut across the desolate plateau to get to Chacabamba, Balcon or Miscopampa without having to pass through Tambo, which saves at least an hour. The eight journalists got out at this desolate spot between 8:00 and 8:30 in the morning, paid Salvador Luna the remaining 15,000 soles that they owed him and begin walking, guided by Infante, who had taken this route before. They had to make it over a steep hill before catching sight of the Argumedos' houses.

8. The trek to Chacabamba

It must have taken them about 2 hours and for some of them, such as Jorge Sedano, who was 52 and overweight, it must have been exhausting.

We should stress that in addition to the distance, some 6 kilometers, the terrain was rugged (abrupt slopes and drops) and the altitude at times exceeded 4,000 meters.

9. In Chacabamba with the Argumedo family

Mrs Rosa de Argumedo, the mother of Juan Argumedo and Octavio Infante, was pasturing her animals in the vicinity and was the first to see the newsmen approaching on foot at about 10:30. She became very excited when she recognized her son Octavio among them, because according to the testimony of his maternal sister, Juana Lidia Argumedo Garcia, he had not been in Chacabamba for at least a year. Mrs Argumedo was touched and began crying.

10. Did the Argumedo family know that the newsmen were coming?

According to the testimony of Juan Lidia, who like Rosa de Argumedo and Julia Aguilar de Argumedo, the commission is "absolutely certain" is telling the truth, Octavio Infante was surprised when he got to Chacabamba that his half-brother Jose Argumedo had not told the family that he was coming. In Ayacucho the night before Infante had presumably told Jose to go ahead to Chacabamba to alert the family of his arrival, but Jose had not shown up, and thus the coming of Octavio Infante and the rest took the Argumedos by surprise.

11. The newsmen in Chacabamba

The travelers did not stay longer than 15 minutes in Chacabamba. They were thirsty and exhausted, especially Jorge Sedano, and Rosa Argumedo made them lemonade, which they themselves sweetened with sugar from their provisions.

When the group arrived, Juan Argumedo was sawing some wooden planks. He mingled with the newsmen, who were taking pictures, and his brother Octavio asked him for help on their behalf: a mule for Sedano and a horse to carry their satchels and stores. Octavio also asked Juan, who knew the route to Huaychao, to serve as their guide. The newsmen indicated at all times that their destination was Huaychao, some 8 kilometers outside Uchuraccay.

According to Julia Argumedo, her husband was somewhat reluctant to go to Uchuraccay itself because of the slayings of Senderistas in the highlands and, therefore, offered to take them only to Uchuraccasa, an elevation near Uchuraccay. He said that from there he would return to Chacabamba with the mule and horse.

The newsmen thought that they could return to spend the night in Chacabamba, and thus Octavio Infante asked his mother Rosa to prepare a bed with blankets for him. But she knew how far it was to Huaychao and concluded that the newsmen would have to spend the night in Uchuraccay. Rosa thus gave them the name of a friend of hers in the community, Mrs Teodora Chavez, a widow, a name that Felix Gavilan wrote down.

12. Were the newsmen and the Argumedo family aware of the risk they were running at this stage of their trip?

The commission is "absolutely certain" that the eight journalists undertook the next stage of their trip without the slightest fear, unaware of the danger they were risking and confident that their status as newsmen would protect them in the event of any emergency.

However, our "certainty" is relative, not absolute, however, in connection with the man who was their guide from Chacabamba: Juan Argumedo. Obviously, if he had been fully aware of what was going on in the highland communities at the time, he would not have made the trip and would have tried to dissuade his brother Octavio and his friends from making it too. Neither Juan nor his family advised against the trip, which suggests that he too was somewhat unaware of the danger.

Though possible, it is nonetheless surprising that people in Chacabamba, which is relatively close to Uchuraccay and the other Iquicha communities, were unaware of the alarm, agitation and unrest that prevailed among the locals since the deaths of the Senderistas several days before. The lynching of seven Senderistas in Huaychao had been disclosed by the authorities on the 23rd, and the Argumedos had obviously heard the news. In fact, however, many more actual or alleged Senderistas had been killed (about 25), and to judge by the confidential official dispatches, the slayings had taken place not just in Huaychao but in other Iquicha communities such as Uchuraccay, where the locals had killed five Senderistas.

Juan Argumedo's decision to act as their guide just to Huachuaccasa, not to Uchuraccay itself, seems to indicate that he had some idea of the risk they were running. It might also have stemmed from a vague apprehensiveness, rather than outright fear, or simply the need to return the loaned animals to Chacabamba. In any event, Juan Argumedo told his family that he would be back that same day.

13. The departure to Uchuraccay

The testimony from the Argumedo family indicates that in spite of their fatigue from the recent trek, the newsmen were jovial (still kidding around) and optimistic as they left Chacabamba. At Juan Argumedo's house, which was somewhat further on from Rosa's, they stopped to drink some milk, while Lidia Argumedo saddled the mule, which Jorge Sedano clambered onto with some difficulty (he said that he did not know how to ride). The satchels and stores were fastened to the horse. Before leaving, Eduardo de la Piniella expressed an interest in the kind of life the Argumedos lived in that remote spot (where Juana's children study, for example) and in gratitude for the hospitality they had been shown, they gave some cookies to their guide's mother, wife and sister. Julia Argumedo watched the group head off towards the steep path that climbs up to the bleak plateau; the last thing she saw was her husband pulling Sedano's mule. It must have been between 11:00 and 11:30 in the morning.

14. En route to Uchuraccay

It is some 15 kilometers from Chacabamba to Uchuraccay along a steep, rocky path amid boulders and between sheer cliffs. The elevation rises steadily to more than 4,000 meters. The travelers' itinerary after they left Chacabamba was probably Jachubamba, Minas Picchu and Huachuaccasa, the southern tip of the community of Uchuraccay. The locals have covered this route in the record time of 2 hours, but it must have been a long, difficult and arduous trek for the newsmen, most of whom were from Lima and who were unskilled hikers and wearied by their morning march, because it took them close to 5 hours.

Their presence was almost certainly detected by Uchuraccay residents (shepherds who happened to be there with their flocks or lookouts specially stationed to monitor the arrival of strangers) as they were on their way to the community.

15. The attack

The commission is "absolutely certain" that the locals who were in Uchuraccay at the time (both members of the community and possibly residents of other Iquicha communities) mistook the nine approaching strangers for a detachment of "Senderistas" who were no doubt coming to punish them for the lynching of several of their comrades in the community a few days before. Such reprisals were feared and anticipated in the Iquicha communities that had killed Senderistas, and their residents were both frightened and irate, as attested to by journalists Gustavo Gorriti and Oscar Medrano from CARETAS, who arrived the following morning at neighboring Huaychao, and by Mrs Rosa Argumedo, Julia Argumedo and Lidia Argumedo, who also arrived the following morning in Uchuraccay looking for Juan Argumedo. The unusual mood in the community, a mood exacerbated by a set of circumstances on which the second part of this report amplifies considerably, is, in the commission's judgment, of paramount importance in understanding what happened.

The commission is "relatively certain" that the newsmen were attacked unexpectedly, en masse and without a prior exchange of words, by individuals whose fear and rage triggered savage behavior uncommon in their daily lives and under normal circumstances. The commission reached this conclusion because three of the newsmen, Octavio Infante, Felix Gavilan and Amador Garcia, spoke Quechua; hence, if they had been able to converse with the locals, they would have revealed their identities, explained their intentions and defused the mistrust and hostility of their attackers. However, the commission cannot rule out that an attempt at dialogue was made and that it was futile because the locals were overly suspicious, panicky and enraged or because one of the newsmen said something imprudent or made some mistake that aggravated instead of defused the misunderstanding.

16. Were the newsmen carrying a red flag?

In any event, the commission is "absolutely certain" that the accusation that the newsmen had entered Uchuraccay waving a red flag and shouting "down with the government and the 'Sinchis'" (an accusation that the residents of Uchuraccay have unanimously made) has no validity whatsoever and cannot stand up to the most cursory analysis. All witnesses (both colleagues and relatives) to the preparations for and developments during the trip categorically deny that any of the newsmen had a red flag with him or had ever considered the possibility of bringing one along. There was obviously no reason for the newsmen to take with them an object that could have only caused them dangerous troubles with law enforcement patrols or with the local residents themselves, who, according to official reports, had just had clashes with the "Senderistas." The only flag in the possession of the journalists, according to the information gathered by the commission, was a white sheet that Felix Gavilan's wife had folded and placed in his satchel and that the Ayacucho newsman had decided to take along to display as a sign of peace in the event that any menacing situation arose en route.

17. How then do we explain the accusation by the residents of Uchuraccay that the newsmen showed up in the community with a red flag?

The locals voiced this accusation to 1st Lt Ismael Bravo Reid, the commander of the joint patrol of Civil Guards and Marines that arrived in Uchuraccay on Friday the 28th around 9:00 pm. They told him that they had killed eight suspected terrorists, handing over to him a red flag, a telephoto lens, 12 rolls of film (which turned out to be unused) and several articles of clothing belonging to the victims. The local residents repeated their charge about the flag in taped interviews on Sunday morning with MARKA newsman Luis Antonio Morales, though there are contradictions here as some claimed that the flag was unfurled while others said that it was kept in a satchel. However, the commission is "absolutely certain" that the tapes are authentic. Finally, the Uchuraccay community reaffirmed the charge, to a man, at the open town hall meeting that the Investigating Committee staged there on Monday 14 February. Nevertheless, the wife, mother and sister of Juan Argumedo, who rushed off to Uchuraccay on the morning of Thursday 27 January (in other words, just a few hours after the tragedy), were detained by the community for close to 24 hours and to whom the locals confessed having slain the "terrorists," never heard the charge.

The commission is "relatively certain" that the accusation that the newsmen were carrying a red flag was something that the community decided on that Thursday or Friday to justify the terrible confusion that caused them to mistake the newsmen for Senderistas.

18. At what point did the local residents realize the mistake they had made?

The commission has no direct testimony in this regard, because the residents of Uchuraccay categorically refuse to go into specific detail about what happened. Our hypotheses, which we submit as "doubtful," have been formulated on the basis of mere internal evidence.

The first possibility is that the more perceptive locals suspected or realized their mistake immediately after the slaughter when they saw that their victims were armed only with harmless cameras.

It is also possible that the misunderstanding was cleared up when Juan Argumedo, who was apparently not with the newsmen at the time of the massacre, was captured. The initial information that his three relatives gathered when they got to Uchuraccay the next morning was that Argumedo had remained behind, probably at the Huachuaccasa elevation, and tried to flee on his mule when he realized the newsmen were being assaulted. He was chased by local residents on horseback and overtaken, according to what local resident Roberta Huicho told Mrs Rosa Argumedo, at Yuracyaco (or Ruyacyaco), where he was held prisoner. It is perfectly plausible that it was through Juan Argumedo, who, according to the testimony of several individuals, was held prisoner by the locals for several hours, that they learned of the enormous mistake they had made.

In any event, there can be no doubt that the arrival of Rosa Argumedo, Juana Lidia Argumedo and Julia Argumedo in Uchuraccay on Thursday morning convinced the residents of their mistake if indeed they harbored any doubts in that regard. The best proof of this is that on Friday evening, after witnessing a public trial in the Uchuraccay community hall during which the three women saw the local residents "try" 13 prisoners brought in from various Iquicha communities on charges of being Senderistas or their accomplices, the community, before releasing the three, made them solemnly swear before a staff with a crucifix (the mayor's staff) that they would keep everything they had seen and heard since they set foot in the community completely secret. The public trial in the Uchuraccay community hall was attended by many locals from various Iquicha villages (so many that Mrs Argumedo claimed that there were "several thousand," which seems an obvious exaggeration), and one of the prisoners was the lieutenant governor of Iquicha, around whose neck was tied a red flag. He was charged with having raised the red flag in his community or with having approved the hoisting. He had been brought to Uchuraccay from there and appeared to have been treated very poorly. The Varoyocs of Uchuraccay showed the red flag to Mrs Rosa Argumedo and told her: "This is the terrorists' flag."

From all appearances it was the only red flag in Uchuraccay. When at nightfall the following day the patrol headed by 1st Lt Bravo Reid arrived at the village, the residents handed him a single red flag, claiming that it was in the possession of the newsmen. The conclusion that the commission drew from all this seems quite reasonable: In order to lend greater credence to their claim that they had killed a group of eight Senderistas, the villagers said that the group was in possession of a red flag, the one that waved in Iquicha and was placed around the

prisoner's neck, and were shouting the unlikely slogans of "long live Sendero" and "down with Belaunde and the Sinchis."

19. Who perpetrated the massacre?

The Investigating Commission is "absolutely certain" that the newsmen were slain by the Uchuraccay villagers, possibly with the help of residents of other Iquicha communities, and that law enforcement agencies were not involved in the massacre.

The commission has rejected as totally untrue the account put forward by certain papers that "a dark-skinned foreigner who spoke Spanish directed the massacre." This statement is a capricious and well-nigh fanciful recasting of the testimony of Juana Lidia Argumedo, who when she was being held prisoner in Uchuraccay did, in fact, see a young man of that description who was nice to her, said a few words of consolation and dissuaded the other villagers who wanted to lynch her as a terrorist. This young man was a mere spectator to what was going on at the time in Uchuraccay and had no authority or role whatsoever in the public trial that the Varayocs were conducting with the prisoners they had accused of being accomplices of the Senderistas.

At first, Juana Lidia thought that the young fellow was an outsider. But her godson Lucio Gavilan, an Iquicha resident who tenaciously defended the Argumedos when they were being "tried" by the locals, later corrected her and informed her that the alleged outsider was actually from Iquicha too, from the village of Puquia.

The commission is also "absolutely certain" that the newsmen were slain because the villagers thought that they were terrorists and did not suspect what they really were.

It is "absolutely certain" that the decision to kill the Sendero Luminoso terrorists was not made suddenly or immediately before the crime was committed, but rather in advance at two assemblies attended by representatives of several and perhaps all of the Iquicha ethnic communities, whose residents were exasperated at the abuse and extortion (especially robberies, though the residents of Uchuraccay also point to the slaying of two peasants by the terrorists and the wounding of others) to which they had been subjected by Sendero Luminoso in recent days and weeks (the second part of the report goes into great detail on this).

20. Did law enforcement groups instigate or approve this decision?

The Investigating Commission is "absolutely certain" that the decision of the residents of Iquicha in general and of Uchuraccay in particular to kill the terrorists approaching their land was influenced largely and perhaps decisively by their conviction that they had authorization to do so from the authorities represented by the "Sinchis."

This conviction can be seen clearly in all of the testimony offered by the community. While they were being held that night, the Argumedos heard them say that the "Sinchis" advised them to proceed in that manner. It was confirmed by several locals during the interviews that newsman Luis Antonio Morales conducted on Sunday morning and at which other witnesses were present, such as Virgilio Morales, a LA CRONICA photographer who speaks Quechua. Finally, the villagers reaffirmed it to the Investigating Commission at the town hall meeting on 14 February. The latter testimony and the way in which it was expressed (at the most dramatic and tense moment of the meeting) convinced the commission. A local spontaneously told the commission that before the incident some "Sinchis" had come in helicopters and told the villagers that if terrorists came to Uchuraccay, they had to defend themselves and kill them. He was immediately contradicted by another villager, who was very upset, and the atmosphere began to heat up. Urged to tell the truth, the Uchuraccay townsfolk, through their spokesman and with the visible consent of all, corroborated the first version.

21. Is it or has it been a common policy among the "Sinchis," as some printed media have asserted, to encourage communities threatened by Sendero Luminoso to kill outsiders?

The Investigating Commission is "absolutely certain" that the Sinchis have not systematically encouraged murder for reprisal or self-defense. It is "relatively certain," however, that they have supported such action in isolated cases, in accordance with the circumstances of the campaign that they have been waging. In the specific case of Uchuraccay, the commission interprets the villagers' version as follows: when the Sinchis arrived in Uchuraccay by helicopter on the aforementioned occasion, instead of outlining a planned, systematic policy, they told the villagers asking them for protection against the Senderistas to "defend yourselves and kill them." In any event, this poses a delicate moral and legal problem for Peru's democratic system, a problem that the commission has felt duty-bound to address in the second part of this report.

22. When did the Sinchis helicopter in to Uchuraccay?

According to the testimony of Alejandrina de la Cruz, a teacher, the first Sinchi patrols arrived in Uchuraccay in May 1981 (two in 1 day), returning that year once every 2 months. In 1982 she did not see any patrol in Uchuraccay, nor did she hear the villagers talk of any coming during her summer vacation and the national holidays. She left the community on 18 December 1982. On the other hand, according to the villagers, the Sinchis arrived by helicopter "just once." Their visit must therefore have come between 18 December 1982 and 23 January 1983. The flight operations dispatches of the emergency zone's political-military command make no mention of a specific flight to Uchuraccay or nearby Iquicha villages in either December or January. Since these dispatches mention only the final destinations of missions, Uchuraccay might have been just a stopover on the way to or from another location.

24. What happened with the newsmen's cameras and money?

The commission was unable to gather precise testimony on the disappearance of the newsmen's cameras and money and can only offer several hypotheses based on the facts it verified. According to 1st Lt Bravo Reid and Lt G.C. Hugo Vidal, who headed up the first joint patrol that arrived in Uchuraccay after the newsmen's slaying (Friday at 9:00 pm), the villagers, after informing them that they had killed eight "Senderistas," handed them a telephoto lens, a few satchels, the red flag, some rolls of film and several ID cards, but they denied knowing anything at all about the cameras. They claimed that they had burnt the clothing that the newsmen were wearing. They have repeated the same account since then, asserting that they handed over to those authorities everything that the newsmen had with them.

It is, however, a proven fact that the newsmen had several cameras with them, and the commission is convinced that they used them during their trip, both at Pacclla and in Chacabamba. What then became of the cameras?

The fact that the newsmen's money vanished along with them might suggest the possibility of robbery for profit. But regardless of how valuable the cameras might have been, mere robbery becomes doubtful and unconvincing within the context of what happened.

In the commission's judgment, the most plausible hypothesis is that once the villagers realized their mistake, in addition to falsely claiming that the newsmen were carrying a red flag, they decided to get rid of their cameras, which could well have revealed any specific individuals involved in a lynching that the community was bent on portraying as a group action. It is no great effort to imagine that when they arrived in Uchuraccay and, above all, when they sensed the attack coming, one or several of the newsmen made use of their cameras, the first, instinctive reaction of a photojournalist. Do the Uchuraccay villagers know what a camera is and what it does? Some of them undoubtedly do. The commission has testimony proving that there are devices such as battery-operated flashlights, radios and record players in the village. This is not the first case of a society in which a primitive, ancient culture can coexist with the use of certain modern manufactured items.

Nevertheless, the commission cannot entirely rule out the hypothesis, though it is more remote, that the newsmen's cameras were confiscated by the law enforcement agencies, specifically by their intelligence services, perhaps to gain first-hand information on what happened by developing the photographs.

25. What was the fate of the guide, Juan Argumedo?

The villagers told the first patrol that showed up in Uchuraccay that they had killed eight "Senderistas," showing it four graves in which they had been buried in pairs. They said absolutely nothing about the fate of Juan Argumedo. At the open meeting on the 14th, when the commission

asked the villagers about the guide, they emphatically claimed that they knew nothing of him. This was one of the questions that most annoyed and upset the community.

As we mentioned previously, Argumedo's relatives heard accounts in Uchuraccay on Thursday morning that he had been pursued and captured in Yuracyaco and brought to the community. Subsequent, unverified accounts that reached the family later indicated that Argumedo was held prisoner in Uchuraccay along with a man from the village, Huascar Morales, and that they were both later executed on charges of harboring an alleged thief named Huaman. Nevertheless, Argumedo's body has not been found, and the villagers still refuse to say anything about him.

This enigma might not be so incomprehensible if we touch on some of the questions in the second part of this report and place Juan Argumedo's case within its social and geographic setting at the precise moment that he agreed to guide the newsmen to Huachuaccasa hill.

A vague, unverifiable yet persistent rumor that has come to the attention of the commission through various channels points to Juan Argumedo as a purported harbinger or accomplice of the Senderistas. His family vigorously denies the rumor, perhaps quite rightly, but they also deny having seen or heard anything about Sendero Luminoso in Chacabamba, which is quite inconceivable. Chacabamba lies opposite Balcon and Miscalpampa, at the mouth of the steep mountain path that descends from San Jose de Secce to Tambo, passing through Luricocha and Majocc, in other words, in the heart of an area in which Sendero Luminoso activities (attacks on Civil Guard posts, murders of authorities, policemen and alleged informers, people's trials, holdups, etc) have been so numerous and effective that they have led to the closure of the police stations there, to the exodus of practically all civilian authorities and, until the Marines arrived in Tambo in mid-Jnuary and the Civil Guard was recently reinforced, to the abandonment of the entire region to Senderista influence.

The emergency zone authorities are not the only ones who talk of strong subversive influence in the area that includes Chacabamba. The Uchuraccay villagers also talk that way. Reading their list of complaints to the commission, the villagers explained their rivalries, frictions and clashes with the villages "down below" over their apparent sympathy and complicity with Sendero Luminoso. Now Juan Argumedo might not have been like others in his locality who, out of legitimate fear (the authorities had deserted the zone) or conviction, collaborated with Sendero Luminoso. But to the people in the highlands Juan Argumedo could very well have constituted (rightly or wrongly) tangible evidence that the terrorists' expedition of reprisal that they were expecting had arrived in Uchuraccay. Was the person of Juan Argumedo a factor in the misunderstanding or was it even he who initially triggered it? This is a hypothesis that cannot be ruled out.

On the other hand, it is understandable that because they were neighbors and spiritually related and still need to travel through and sell their

products in the region, the Uchuraccay villagers would not claim responsibility for the slaying of Juan Argumedo, as they did with the murder of the newsmen. Claiming public responsibility for it would be somewhat like a declaration of war on their neighbors, with whom, in spite of the rivalry and animosity that might exist, they must coexist and whom they need for various reasons. The Argumedos have acquaintances and spiritual kin in the Iquicha communities, and the Uchuraccay villagers sell their goods throughout Juan Argumedo's zone. It was no doubt the fear of closing off this outlet and of poisoning relations with the lowlanders even further that led the Uchuraccay townsfolk to retroactively strike Juan Argumedo from their version of the events. Their precautions were to no avail, however, because almost immediately after the events of 27 January there were violent clashes between the Uchuraccay villagers and their neighbors in Balcon and other communities in the valley, with each accusing the other of being the instigators.

26. Who is responsible for the death of the journalists?

The Investigating Commission is "absolutely certain" that the responsibility is shared by the entire community of Uchuraccay and, no doubt, by all of the Iquicha communities that held their assembly and decided to confront and kill the Senderistas, even though just a few of them physically took part in the slaughter. It is, of course, up to the courts to determine legal responsibilities and to decide whether the authorities (the lieutenant governor, the Varayocs) bear greater culpability for the incident and whether it is essential and relevant to pursue the investigation further in a bid to identify each of the individuals who hurled the rocks and viciously attacked the newsmen. But the commission feels that from the standpoint of moral liability, it is an objective fact that the guilt is collective, as the villagers themselves openly admit. The decision to kill people whom they thought were enemies was a collective one. Executing it might have been the work of a few of them, but there is no question that if circumstances had allowed, the others would have acted in identical fashion.

Why Did It Happen?

We cannot fully understand the massacre in Uchuraccay and all its implications if we remove it from a context of violence the immediate and mediate causes of which are a central factor in Peru's problems.

The Immediate Causes

1. The primary immediate cause of this context of violence in which the incident in Uchuraccay took place is the insurgency unleashed by Sendero Luminoso in 1980. This political organization, whose ideology, history, goals and revolutionary methods are the subjects of the study by historian and anthropologist Dr Luis Millones that accompanies this report, bears the responsibility for initiating armed operations of sabotage and terrorism that have caused serious property damage, claimed many lives and profoundly shaken the entire region of Ayacucho and especially the Huanta peasant farmer communities.

The following are the official statistics, as of 31 December 1982, on the deaths caused by the uprising:

- 29 Civil Guards
- 2 members of the PIP
- 6 Republican Guards
- 1 soldier
- 9 civilian authorities
- 71 civilians
- 48 Senderistas

As these numbers starkly show, most of the victims are not combatants, Senderistas or law enforcement personnel, but rather innocent civilians, the great majority of them peasant farmers, who are being brutally slain in a conflict with which they have nothing at all to do.

It is public knowledge that these numbers have increased frighteningly since the beginning of the year. Rather than 80 civilians, many more than 100 have now died, and the overall toll has perhaps doubled in the short space of 2 months.

Sendero Luminoso must not be taken lightly or disregarded as a group that has arisen outside Peru and that some foreign power has artificially implanted in our homeland. On the contrary, all indications are that this faction, which split from the Maoist wing of the Peruvian Communist Party in the 1970's, is a movement that arose within the highly radicalized climate of Ayacucho and that has an extremely simplistic, dogmatically rigid view of the country and program of action, which, however, it has been pursuing with obvious consistency. In its view, the "semifeudal and semicolonial" country that is Peru will attain its liberation and achieve socialism only through a prolonged war that begins in the countryside, has the peasants as its backbone and steadily encircles the cities.

In declaring this "prolonged war," Sendero Luminoso has also selected methods to which it has adhered: the destruction of high-tension towers; blowing up bridges; killing Civil Guards, political and municipal authorities and private farmers; invading estates and farms; people's trials in peasant villages during which individuals considered hostile or harmful are humiliated, whipped or executed; holdups of police stations, public places and camps to seize weapons, money and explosives; executions of individuals regarded as law enforcement informers, etc.

We need not emphasize to what extent these actions have affected the people of Ayacucho, especially in rural areas, where most of them took place. We should stress, however, that the damage has occurred in one of the poorest, most underprivileged regions of Peru, in towns and communities for which, due to their extreme poverty and defenselessness, the adverse repercussions have been even graver.

But in connection with the particular case that we are attempting to clarify, we should examine more closely the upheaval that Sendero Luminoso

has caused in many peasant farmer communities, particularly those in the province of Huanta.

As we have pointed out, in 1981 and 1982, thanks to its bold, violent operations, Sendero Luminoso gradually succeeded in establishing a strong presence in almost the entire lowland section of the province. Taking an attitude that is difficult to understand, the authorities watched the process with indifference and instead of reinforcing the police stations and public places that had been attacked, allowed them to close down. The Civil Guard shut down its posts in San Jose de Secce, Mayocc, Luricocha and elsewhere, while numerous governors, lieutenant governors and mayors deserted their jurisdictions after some of them were the targets of attacks and others were slain. Civilian government collapsed almost entirely in the region, and the Investigating Commission was able to confirm that this is still the situation in the city of Tambo itself, where no civilian authority has as yet returned (in contrast, the parish priest, who also fled, has come back). The question is academic as to whether the peasant populations thus abandoned by the civilian authorities were sympathetic to the presence of Senderista detachments. They obviously had no other alternative than to seek an arrangement with the de facto power that had replaced the fleeing power and, willingly or unwillingly, to collaborate or at least coexist with it. This is one of the first regions that Sendero Luminoso proclaimed a "liberated zone."

While this was happening in the valley, what was going on in the Huanta highlands, that cold and remote area in which the Iquicha communities, including Uchuraccay, are located? The study by anthropologists Drs Juan Ossio and Fernando Fuenzalida that accompanies this report describes the nature of these communities and their relations with the more developed and Westernized lowland communities, but at this point we can summarize this relationship as strained, sour and marked by a tradition of lack of understanding and rivalry.

Sendero Luminoso's efforts to win the Iquicha communities over to its cause seem to have been weak and sporadic in 1981 and 1982. Because of their isolation, the harshness of the climate and terrain, their dispersion and their primitive nature, perhaps it did not consider them a desirable target of their indoctrination efforts or as potential bases of support. The highland areas were used only as passageways enabling the Senderista "militias" to move from one end of the valley and the province to the other and to vanish after executing their armed operations in Huanta, Tambo and other towns. But in their movements the Senderistas had to secure lodging and food in Uchuraccay, Huaychao, Iquicha, etc, and during the open meeting the villagers told the commission repeatedly that the terrorists had stolen their food and animals. This prompted friction and confrontation, and during one such clash the guerrillas killed two Uchuraccay villagers: Alejandro Huaman and Venancio Aucatoma. These thefts (or "quotas") of food must have hit communities such as Uchuraccay very hard, because they are extremely poor, their food stores are minimal and they can grow only potatoes and beans on their land.

But perhaps what caused the most damage and was the main reason for the aggressive mobilization of the Iquicha communities and of communities in other regions against the "militias" was Sendero Luminoso's decision to pursue a policy of "self-sufficiency" and supervision of peasant farmer output in the zones that it regarded as "liberated." The communities received instructions to grow only enough for their own consumption and to cease doing business with the cities. Was this policy designed just to cause shortages in the cities or did it also aim at inculcating in the peasants a system of work consistent with the abstract ideological model developed for the future society?

In any event, Sendero tried to use heavy-handed methods to enforce these instructions. For example, in early January it invaded and closed down the market at Lirio, which was as far as the road through the jungle in Huanta Province had reached. In addition, it dynamited the road so that traffic to there was cut off. Besides Huanta or Tambo, the highland villagers also used to descend to Lirio to sell their meager surpluses and to acquire at that market other items that were essential to their survival or customs. The Iquicha communities must have felt that the ban on further trade, for tactical or ideological reasons that they obviously could not grasp, was the sort of meddling that jeopardized their existence. Now then, the studies accompanying this report note that the Iquicha communities have always reacted very fiercely and belligerently when placed in this sort of situation.

Within this context we can better understand the assemblies that must have taken place around mid-January in Carhuaran and Uchuraccay (exactly the same spots where in 1824 the people of Iquicha met and decided to wage war on the newly founded republic and take Spain's side) and at which the Huanta highland villagers decided to confront the Senderistas (at the 14 February meeting the villagers assured the commission that they were at an assembly when the newsmen arrived). The decision was implemented simultaneously in several communities. Detachments of Sendero Luminoso and actual or alleged collaborators with the "militia" were ambushed and then beaten or lynched. The "seven Senderistas" who were killed in Huaychao, as Gen Clemente Noel disclosed at a press conference on Sunday 23 January, were just some of the individuals whom the villagers slew. Another five were lynched in Uchuraccay on 22 January. Some 24 Senderistas were executed in the Iquicha area in the days preceding the newsmen's expedition.

2. How did the country react to the news that Senderistas had been slain in Huaychao?

Exhibiting an indifference that later developments would bring to light, civilian and military authorities, government and opposition politicians, the democratic media and most citizens saw these lynchings as a sound, logical reaction by the peasants to terrorism and as a serious setback for Sendero Luminoso and a victory for the democratic system, while leftwing extremist media merely questioned the executions and attributed them to "Sinchis" disguised as peasants.

Before the slaying of the journalists, however, no one in the country raised the serious moral and judicial problem that these lynchings pose to a democratic system. Can these murders be justified on the basis of the principle of self-defense? Condoning or encouraging the peasant communities to take justice into their own hands and counter the abuses and crimes of Sendero Luminoso also means undermining the republic's judicial system and unthinkingly providing a pretext for all sorts of personal vendettas, regional and ethnic reprisals and terrible "accidents." The slaughter of the journalists is a dramatic reminder to the country that a democratic system can never forget, not even when it is fighting to survive, that its moral superiority to authoritarian and totalitarian systems is that, as Albert Camus said, the means justify the ends. In the case before us, the means clearly got out of hand, and there was no rectification or warning. Having received cues from the authorities, how could the Iquicha villagers not have felt that they had acted in a completely lawful and legitimate manner?

Rather than assigning blame, which in this case, in the commission's judgment, is borne by all of what Jorge Basadre called "official Peru" or at least by the democratic sector of it that was relieved to hear the news that "Senderistas" had been executed, the commission feels that it is necessary and urgent to call attention to the conflict (which Dr Fernando de Trazegnies elaborates on in his study) that exists in this country between the official, Western judicial system that in theory governs the nation and the other traditional, archaic, underground system that often clashes with the former and governs the life and customs of Peruvians living in Andean towns such as Huaychao and Uchuraccay.

3. Antisubversive Violence

Those who were convinced that the only way to liberate the Peruvian people was through armed struggle and defied the country's police and military bear their share of responsibility for the inevitable response that subversive violence triggered: the violence of a counterinsurgency.

Neither the leaders of Sendero Luminoso nor those who from more secure positions call for armed struggle can be unaware of what country we are living in or of the still flawed and precarious nature of many institutions in Peru's newly reborn democracy. On the contrary, they probably foresaw the inevitable excesses that would be committed by a police force that was poorly trained for antisubversive combat and that was exasperated by the continual slayings of its personnel. Did the insurgents calculate that the excesses by law enforcement agencies would win them supporters? It was obviously a cruel calculation, because it was based on the sacrifice of innocent people for the aims of a political cause.

Such excesses have, in fact, occurred, and the commission feels obliged to point this out, because this other form of violence, crackdowns by the law, has also helped to create the abnormal climate of suspicion, panic and hatred that gave rise to the massacre of the newsmen.

4. Can law enforcement agencies in a democratic system combat subversion and terrorism with methods that are not democratic?

The crime that took place in Uchuraccay and the misunderstanding that prompted it cannot be judged in isolation from the surrounding circumstances; they alone can reveal the complex truth underlying the deaths

The Uchuraccay villagers (though it would be more accurate perhaps to say all Iquicha villagers and, to judge by the latest developments, even all the communities in Ayacucho and Huancavelica that have taken a resolute stand against Sendero Luminoso) live in a climate of war in which, in their view, there are two bands trying to destroy each other. The villagers who take sides with the "government" feel threatened and afraid. By virtue of their traditions, their culture, their living conditions and their everyday customs, they believe that everything goes in this struggle for survival and that it is a question of kill or be killed. The visit that the "Sinchis," who represent authority, paid the Uchuraccay villagers did not enable them to make the necessary distinction between lawful and unlawful, the very distinction that differentiates democracy from terrorism, because the Sinchis' advice served instead to confuse them further. The law enforcement personnel defending the democratic system undoubtedly made a mistake in so doing, because the law under this system does not allow people to take justice into their own hands (which is precisely what makes it morally superior to those who believe that they can, in fact, kill in the name of their ideas or dreams).

Now then, can such legal distinctions, which are clearly and precisely set forth in our constitution and laws, be explained to men who live in isolated, primitive, neglected conditions such as those in Uchuraccay? Given their state of mind during the days preceding the massacre, could they have been enlightened as to the subtleties of a judicial system that in practice is often contradicted by the traditional daily customs of community life?

In isolated, remote communities like Uchuraccay it is a widespread practice to summarily execute cattle rustlers. Why would the villagers feel that they should proceed differently with the Senderistas, whom they always described as "terrorista sua" (terrorist thieves) at the open meeting with the commission?

Furthermore, it is imperative to bear in mind the difficulties that the law enforcement agencies face in performing their antisubversive function: an enormous territory to monitor, an enemy who offers no definite front, who strikes and vanishes amid a rural population with another language and customs and with whom law enforcement personnel have little or, at times, no contact. For soldiers and Civil Guards, strict observance of democratic laws could often mean suicide or total powerlessness. This is no doubt one of the reasons why law enforcement personnel often break the law. But this is tragic for a democratic system, because adopting these methods to defend the established order means depriving

it of its moral and legal legitimacy and, in a way, accepting the ground rules that the terrorists have established. The dilemma--to defend the democratic system by rigorously licit methods that could in practice condemn law enforcement agencies to powerlessness or loss of life, or to combat subversion by breaking the law--is one that all democratic countries threatened by ideological terrorism have faced and that our country is now facing.

The Investigating Commission does not endorse, far from it, certain printed media's campaign to systematically mock and belittle the country's law enforcement agencies and it is quite aware that with all the abuses and mistakes that they might have made, they are fighting to defend the democratic system. At the same time, however, we must make mention of the protests and fears that we have noted among some of our informants and in certain segments of the population in the emergency zone, over the abuses committed by the Civil Guard special troops (the "Sinchis") during the course of their operations. The catalogue of complaints is long and painful: unjustifiable arrests, mistreatment, injuries to peaceful citizens, thefts by taking advantage of the curfew, irreparably damaging accidents caused by arrogance and alcohol abuse.

The commission has verified the fact that since the Armed Forces took responsibility for the antsubversive struggle, efforts have been made to avoid such excesses, and for example, in Huanta and Tambo, according to testimony gathered by the commission, the arrival of the Marines has had a moderating effect and has strikingly improved relations between the forces of law and order and the civilian population. The commission considers it its duty to appeal to the forces battling terrorism to uncompromisingly continue this policy of discipline and strict observance of the law, because respect for the law and for human rights is the very foundation of the system that the overwhelming majority of Peruvians have gone on record as supporting.

The Malicious Causes

1. Structural Violence

The commission feels that to make this report more than just a superficial description of what happened, it must broach the level of development in the Iquicha communities and the type of life led there. Within the department of Ayacucho, an economically depressed region that lacks resources, that has an extremely high unemployment rate and the yield of whose lands is very poor, the communities on the Huanta plateaus are perhaps the most poverty-stricken and underprivileged. Without water, without electricity, without medical care, without roads linking them to the rest of the country, without any sort of technical assistance or social services, the Iquicha people have lived in the inhospitable Andes highlands in isolation and oblivion since pre-Hispanic times and, after the republic was established, they have known only the most odious expressions of Western culture: the exploitation of large landowners, the extortion and deceit of tax collectors or the beatings during riots

and civil wars. Another fact is that although the Catholic faith has taken deep root among the villagers, it has not totally displaced their ancient beliefs such as the worship of the Apus (tutelary hills), the most celebrated of which is the apu rasuwilca, a deity whose prestige extends beyond the Iquicha area. To these men and women, most of whom are illiterate and doomed to subsist on a meager diet of beans and potatoes, the struggle for survival has traditionally been a stern daily challenge in which death from starvation, disease, malnutrition or natural disaster has lurked around every corner. The very notion of betterment or progress must be difficult to conceive (or must take on a pathetic meaning) for communities that, as long as their members can recall, have not experienced any improvement in their living conditions but rather a prolonged stagnation with periodic regressions.

Does official Peru have the right to demand that these people, whom its neglect has kept in backward, stagnant conditions, behave in the same way as the Peruvians who, rich or poor, highland or coastal residents, country or city dwellers, truly live in the modern age and are governed by laws, rites, practices and customs that the Iquicha people are unfamiliar with (or would find hard to understand)?

The commission does not claim to have an answer to this question but does feel it is timely to pose it, because this is a problem that the murder of the eight journalists has made tragically current.

The men who killed them are not an abnormal community in the Peruvian highlands. They are part of the "surrounded nation," as Jose Maria Arguedas called it, a nation composed of hundreds of thousands, perhaps millions of our fellow citizens who speak a different language, who have different customs and who in sometimes hostile and isolated conditions, the Iquicha people for example, have managed to preserve a culture that while perhaps archaic, is rich and profound and a link to our entire pre-Hispanic past, a culture that official Peru has treated with scorn.

Given this context, the brutal slaughter of the eight newsmen is no less atrocious but it is more understandable. Those who cast the stones and wielded the clubs were not just frightened, enraged men attacking a supposed enemy; they were also citizens of a society in which violence manifests itself every day in the most elementary ways and in which, due to a hand-to-mouth existence, the defense of what one has, when it is considered threatened, tends to trigger very violent reactions. We can see this from the relatively recent incident in the community of Carhuaran (mentioned in Dr Fernando de Trazegnies's study), where the villagers publicly lynched 10 cattle rustlers.

Moreover, the brutality of the newsmen's murder was apparently not just due to the types of weapons that the villagers had available (slingshots, clubs, rocks, hatchets) and to their rage. The anthropologists who advised the commission have found certain indications (the characteristics of the victims' wounds and how they were buried) that the crime, while

political and social, could also have had magical-religious overtones. The eight bodies were buried face down, which in most Andean communities is the traditional way of burying those whom the villagers regard as "devils" or individuals who "made a pact" with the evil spirit (in the Andes the devil is usually likened to an "outsider"). In the specific case of Uchuraccay, the teacher there told the commission that this belief is explicitly professed by the villagers, and she even illustrated it with an anecdote. Furthermore, the newsmen were buried outside the community, as if to underscore that they were aliens.

In addition, almost all of the bodies showed signs of having been especially battered about the mouth and eyes. It is also a widespread belief in the Andean world that a sacrificed victim must be deprived of his eyesight, so that he cannot recognize his slayers, and of his tongue, so that he cannot speak and inform on them, and that his ankles must be broken so that he cannot return to bother those who killed him. The lesions on the bodies, as described by the autopsy, suggest that these beliefs came into play.

Even more striking is the fact that the clothing worn by the newsmen when they were killed was apparently first washed and then burned by the villagers, according to statements by 1st Lt Ismael Bravo Reid. Washing and burning the clothing of a dead person is a typical exorcism and purification ceremony and is performed throughout the Andean area ("Pichja").

2. The Iquicha tradition

In conclusion, the commission would like to mention another factor in what happened (the reports by our advisers Drs Ossio and Fuenzalida elaborate on it): the history of the communities belonging to the Iquicha ethnic group. It is a history marked by long periods of almost total isolation and by sudden outbreaks of violence in those communities in connection with events in the region or the nation.

The individuality of the Iquicha people and their lack of bonds and solidarity with other Andean ethnic groups perhaps explains why the royalist forces used these villagers during colonial times to combat the two most important indigenous movements in the 18th and 19th centuries: the Tupac Amaru and Mateo Pumacahua.

The rebellions that they later led in 1826 and 1839 were also clearly circumscribed and extrinsic to events in the rest of the nation, whether they were revolting for the king of Spain against the incipient republic or refusing to abide by the laws and regulations that the government sought to enforce in their territory.

The same obstinate defense of regional and community sovereignty would also explain why they actively sided with Caceres during the war with Chile and led an uprising in 1896 against the salt tax during which 2,000 Iquichas took the city of Huanata and lynched the subprefect.

Whenever they have felt their autonomy was being infringed upon, their fierce desire to preserve it has wrenched them from their relatively peaceful and withdrawn lives and hurled them headlong into fierce battle. This has been a constant of Iquicha tradition and explains why people in the lowlands, especially the cities, regard them as warlike and unruly.

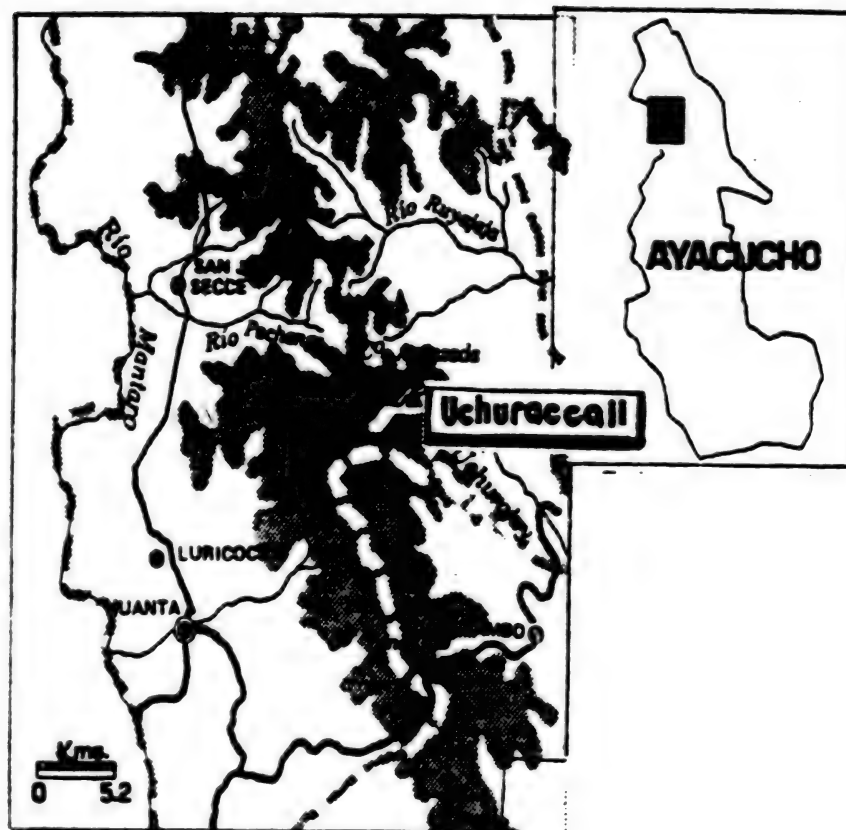
They would like to remain withdrawn and prevent sweeping changes in or interference with their culture and lifestyle, which, after all, no matter how rudimentary, is the only thing that the Iquicha people have and is therefore the most precious part of their existence. The commission has gathered many contemporary examples of this. The Iquichas will receive merchants or put up travelers but have been reluctant to receive and hostile, for example, to teams of anthropologists or promoters of SINAMOS [National System for Support to Social Mobilization], in other words, individuals who, rightly or wrongly, the villagers sense might invade their privacy.

This age-old attitude no doubt also partly explains the decision of the Iquicha people to combat Sendero Luminoso and to do so with the crude and brutal methods that have been the only ones available to them from time immemorial. The tragic misunderstanding that led to the death of the eight newsmen underscores all of the dangers entailed in that decision and in their conviction that in carrying it out they had the consent of the only authority with which they had contact.

The commission feels that it has thus clarified the essential elements in the case, though several details and aspects of the tragedy remain fuzzy. It is now up to the courts, with the time and the instruments they have available, to carry on and complete the investigation, to file charges and to hand down sentences.

The commission feels, nevertheless, that it should call on the people of Peru to reflect on the complex problems that the death of those eight newsmen has brought to light and urge them, as the finest homage they can render to those professionals who fell in the line of duty, to curb their emotions, put aside facile simplifications, refrain from political opportunism and demagogic prescriptions and humbly acknowledge that although just a few individuals committed the crime and a few others instigated and provoked it, the larger historic blame for the blood-stained rocks and clubs in Uchuraccay belongs to the great majority of us Peruvians.

[Signed] Abraham Guzman Figueredo, Mario Vargas Llosa, Mario Castro Arenas



Early Wednesday morning the eight journalists left Huamanga by car and arrived at Yanaorco, the site of the microwave repeater station. From there they proceeded on foot towards Huaychao along a route that passed through Uchuraccay.

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ALVAREZ ADDRESSES CHARGES OF DICTATORSHIP

Montevideo LA MANANA in Spanish 19 Feb 83 p 7

[Report on interview with President Alvarez by Fernando Vizcaino Casas, 8 Feb 83; place not specified]

[Text] The Spanish writer and journalist Fernando Vizcaino Casas published the following interview with the president of the republic, Lt General Gregorio C. Alvarez, in the Madrid newspaper EL ALCAZAR on the 8th of the current month. This interview will be part of a series of similar interviews that Vizcaino Casas has been holding with America's chiefs of state. Since we believe that it is of interest, we reproduce part of the interview with the Uruguayan president:

[Question] This ignorance extends to practically everything relating to the political system that rules Uruguay at the present time. Briefly, could you outline for me the basic tenets of the latter?

[Answer] Since it became independent, Uruguay has chosen a republican democratic-representative form of government, and within that regime, a political system founded on substantially differentiated powers: the executive, the legislative and the judicial. This distinction, sometimes carried by men's inconsistency to extremes that are inappropriate and disadvantageous for the republic's institutional life, made it necessary to implement mechanisms that would tend to reduce and eliminate the rivalry, the unproductive situation among the three powers, inasmuch as nothing other than a singleness of purpose is admissible in carrying out the task of serving the country. These mechanisms were implemented at a very special moment in the history of this country, so that while trying not to discredit the other two, the executive is now strong and less susceptible to the idleness or to the resignations which political ineptitude forced it into not so long ago.

[Question] Nonetheless, Mr President, perhaps due to ignorance and sometimes because of intentional propaganda, the average Spaniard believes that at the present time Uruguay is a military dictatorship. Actually it looks as if it is going through a phase of democratization. In what manner? How fast? In this regard what is the most immediate hope your government offers?

By the look on the president's face, this question has pleased him.

[Answer] That is a good question--he says--because it allows me to get back to the previous answer. I was telling you that Uruguay now has a strong executive, and this, combined with the efforts of the council of commanders in chief of the armed forces regarding many of the government's tasks, seems to be the most readily available target for attack (although for no good reason) by those who slander the process, the frustrated, the resentful, the enemies of the country, in order to discredit the government. I do not think that it is out of ignorance that the average Spaniard (as you suggest) thinks that Uruguay is a military dictatorship; I believe that if people think that way it is due to another factor, in which you are also involved. In any case, for that average Spaniard, as for anyone else who thinks that way, words are not necessary. It is enough to point out that it was the military men in my country who in 1976 advocated the preservation, at all cost, of the political parties that some strong movements of the time wanted to abolish. And those parties prevailed against all odds, and they are the ones whom this government encouraged to revitalize themselves, those parties are the ones that have chosen the policymakers in an absolutely democratic way for the first time in all the political history of this country, they are also the ones who will democratically elect their executive leaders; and those party leaders will be the ones who, along with the military men, will study the outline of the future constitution or the necessary amendments to the present constitution. And those parties will finally be the ones who in 1984 will present to the citizens the men who will govern after 1 March 1985.

All of this previously announced process, whose different stages have been scrupulously complied with up to now, has been, is, and will be guaranteed by this government and by the armed forces.

To talk or to think, then, of a military dictatorship in this Uruguay of today constitutes, more than a foolish and easily destroyed deception, a ridiculous action, an absurdity.

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CSO: 3348/247

INTERIOR MINISTER CITES CONCERN OVER TUPAMARO REORGANIZATION

Montevideo LA MANANA in Spanish 25 Feb 83 p 3

[Text] The minister of interior yesterday decried the report that, according to available information, an international subversive organization is about to be formed in Bolivia. On the other hand, General Trinidad speculated that there might be some truth in the information coming from Europe about the supposed reactivation of the Tupamaros.

The head of the Ministry of Interior was consulted yesterday about information published in the last few days and which first appeared in the Italian press to the effect that in some European countries members of the MLN-Tupamaros (National Liberation Movement-Tupamaros) have been regrouping with the purpose of starting once more their activities in this country.

General Yamandu Trinidad said that there is some trace of truth in this information. He immediately added that the same thing is not happening within the country.

Regional Headquarters in Bolivia

He spoke immediately about the same type of situation existing in Latin America, saying that this subversive revival is occurring in several places.

As an example he mentioned what is happening in Peru, where the organization Sendero Luminoso is active, and Chile, where many subversive acts have taken place.

Later on the interior minister said that there is an Uruguayan citizen who operates abroad, representing the interests of a subversive group.

He stated that this person has visited countries such as Bolivia, where the formation of an international subversive organization is being planned.

General Trinidad concluded that the forces to deal with this are constantly on the alert.

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DELEGATION VISITS IRAN TO RESUME TRADE TALKS

Montevideo LA MANANA in Spanish 25 Feb 83 p 9

[Text] According to information given last night to LA MANANA by the secretary of planning, coordination and information, Gen Pedro Aranco, new products and a total of around \$100 million will comprise the second phase, corresponding to the present year, of the commercial trade agreement between Uruguay and Iran.

A delegation headed by the general director of foreign trade and the president of the National Meat Institute (INAC), Col Edgardo Betancor, will begin new trade negotiations with Iran next Saturday, announced Gen Pedro Aranco.

The secretary of Planning, Coordination and Information stated, when questioned by LA MANANA as he left the governmental headquarters, that both parties have agreed to continue the international trade engaged in last year.

The Agreement

Last year Uruguay and Iran agreed to develop, for at least 3 years, a reciprocal trade agreement based essentially on the well known system of barter, keeping in mind that the purchases of one country from the other, and vice versa, should reach similar totals.

During the first part of these negotiations our country sent primarily meats and rice, while Iran provided us with petroleum.

The exchange exceeded the \$50 million mark and was satisfactory to both parties.

New Stage

At that time it was agreed to establish new negotiations periodically, essentially every year.

Thus the dispatch to Iran of a private official commission that will be headed by the director of foreign trade, Jorge Sierra, and the president of the INAC, Col Edgardo Betancor, has been authorized.

\$100 Million

Regarding this matter the secretary of planning, coordination and information raised the possibility of distributing new products, mentioning that in addition to meat the negotiations will include textiles.

"All the basic products will be included in the new trade agreement," said Gen Pedro Aranco.

He stated that in the same manner as last year, Iran will reciprocate by selling petroleum, and it is accordingly anticipated that it will continue to provide Uruguay with 10,000 barrels of crude a day.

Regarding the total of these purchases of petroleum, and consequently the total international trade with Iran in 1983, Gen Aranco estimated that it would be of the order of \$100 million.

Finally he talked about the reduction in the price of petroleum, which has been the subject of various commentaries, stating that one will have to wait until the month of March to establish with any certainty its repercussions in Uruguay.

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BRIEFS

GOLD SALES IN 1982--From December 1981 to December 1982 Uruguay sold 534,193 ounces of gold for a total of \$82.8 million. The greater part of the sales (350,976 ounces) occurred during December of last year. This information was obtained from the Central Bank's latest statistical report with official figures corresponding to the month of December. In December 1981 Uruguay had gold worth \$525.8 million, while in December 1982 it had gold valued at \$443 million. This difference of \$82.8 million means that in accordance with the fixed value of \$155 per troy ounce set by our government, Uruguayan sales reached 534,193 ounces. The greater part of last year's sales of gold took place in December. In fact, until November Uruguay had \$497.4 million in gold, an amount that was reduced to \$443 million in December. That difference of \$54.4 million implies the sale of 350,967 ounces of gold. The gold sold was out of the country, the greater part being in safekeeping, and some of it was part of Uruguay's investment abroad. The gold in safekeeping was worth \$129.1 million in November, while in December it was worth \$87.2 million. That difference of \$41.9 million is equivalent to 270,322 ounces sold during the last month of the year. The remaining 80,645 ounces is the difference between the gold we had invested abroad during November, equivalent of \$21.2 million, and that left in December, which was worth \$8.7 million. [Text] [Montevideo LA MANANA in Spanish 25 Feb 83 p 9] 9907

CONTINUING DROP IN RESERVES--The Central Bank lost \$638.3 million in reserves between December 1981 and December 1982. This information was obtained from the monthly STATISTICAL BULLETIN published by the monetary authorities with official figures corresponding to December of last year. Uruguay's net international reserves in December 1981 reached \$840.8 million. During the first quarter of 1982 the reserves fell to \$589.6 million and continued to drop until they reached 266 million in November. This decreasing trend continued during December in spite of the freeing of the dollar, which took place in November, showing at the end of that month a new loss of \$63.5 million, so that at the end of the year the net international reserves were \$202.5 million. In terms of percentages the loss in reserves for the period in question was 76 percent. The loss in December as compared to November, in spite of the freeing of the dollar, was slightly larger than 25 percent. [Text] [Montevideo LA MANANA in Spanish 25 Feb 83 p 9] 9907

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